



**WECC**

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**2022 Business Plan and Budget**

Approved by: WECC Board of Directors

Date: June 16, 2021

# Contents

- Introduction..... 2
  - Organizational Overview..... 2
  - Membership and Governance ..... 3
  - 2022 Key Assumptions and Strategic Goals..... 4
  - 2022 Overview of Cost Impacts..... 7
  - 2021 Statutory Budget and Projection and 2022 Budget Comparisons ..... 12
- Section A—Statutory Programs..... 14
  - Reliability Standards Program ..... 14
  - Compliance Monitoring and Enforcement..... 18
  - Reliability Assessment and Performance Analysis ..... 24
  - Training and Outreach ..... 29
  - Situation Awareness and Infrastructure Security ..... 33
  - Corporate Services ..... 37
- Section B—Supplemental Financial Information ..... 50
  - Reserve Analysis ..... 50
  - Breakdown of Statement of Activities..... 51
- Section C—Non-Statutory Program ..... 67
- Section D—Additional Financial Information..... 73
- Appendix A—Organizational Chart..... 75
  - Changes in Budgeted FTE by Program Area ..... 75
- Appendix B—2022 Budget & Projected 2023 and 2024 Budgets..... 76
- Appendix C—Adjustment to the Alberta Electric System Operator (AESO) Assessment ..... 77
- Appendix D—Statutory and Non-Statutory Budget History Charts..... 78



## Introduction

TOTAL RESOURCES (in whole dollars)				
	2022 Budget	U.S.	Canada	Mexico
Statutory FTEs*	152.5			
Non-statutory FTEs	7.0			
<b>Total FTEs</b>	159.5			
Statutory Expenses	\$ 29,634,985			
Non-Statutory Expenses	\$ 2,054,449			
<b>Total Expenses</b>	\$ 31,689,434			
Statutory Incr(Decr) in Fixed Assets	\$ 111,914			
Non-Statutory Incr(Decr) in Fixed Assets	\$ 682,086			
<b>Total Inc(Dec) in Fixed Assets</b>	\$ 794,000			
Statutory Working Capital Requirement**	\$ 855,302			
Non-Statutory Working Capital Requirement***	\$ (437,693)			
<b>Total Working Capital Requirement</b>	\$ 417,609			
Total Statutory Funding Requirement	\$ 30,602,201			
Total Non-Statutory Funding Requirement	\$ 2,298,842			
<b>Total Funding Requirement</b>	\$ 32,901,043			
<b>Statutory Assessments</b>	\$ 25,000,000	21,207,153	3,251,269	541,578
<b>Non-Statutory Fees</b>	\$ 2,298,842	2,252,865	45,977	-
NEL****	855,793,369	718,701,162	122,407,031	14,685,176
NEL%	100.0%	84.0%	14.3%	1.7%

## Organizational Overview

WECC is a 501(c)(4) social welfare organization funded through Load-Serving Entity (LSE) assessments authorized by the Federal Energy Regulatory Commission (FERC) under Section 215 of the Federal Power Act. WECC's mission is to effectively and efficiently mitigate risks to the reliability and security of the Western Interconnection's bulk power system (BPS), while carrying out the responsibilities of the Regional Entity. WECC operates under a delegation agreement with the North American Electric Reliability Corporation (NERC) and according to its Bylaws. WECC executes its mission while working with a broad community consisting of industry stakeholders and two advisory bodies—the Member Advisory Committee (MAC) and the Western Interconnection Regional Advisory Body (WIRAB).

The Western Interconnection is a geographic area in which the use and generation of electricity is synchronized. This area includes all or part of 14 Western states in the United States, the Canadian provinces of British Columbia and Alberta, and a portion of Baja California Norte, Mexico.



WECC delivers on its mission through:

- Effective risk-based monitoring and enforcement of Reliability Standards through standards development, entity registration, compliance risk assessment, and audits and investigations;
- Informed actions, practices, and decisions of industry participants, regulators, and policymakers through reliability planning, performance analysis, situation awareness, and event analysis; and
- Targeted training and outreach to build a culture of reliability and security throughout the West.

WECC's business philosophy is guided by three principles:

***Independence***—We serve the public interest and represent what is best for reliability and security within the Western Interconnection with an impartial and unbiased voice.

***Perspective***—With the purview of the entire Western Interconnection, we are uniquely situated to develop comprehensive and influential work products to assess the reliability and security of the Western Interconnection.

***Partnership***—To reduce risks to the reliability and security of the Western Interconnection, we collaborate with a broad range of stakeholders from utilities; U.S., Canadian, and Mexican government regulators and energy policy officials; and consumer, public interest, and environmental groups.

WECC's culture enables us to deliver on our critical reliability mission and provide personal and professional fulfillment for our employees. We are transforming the organization to deliver increased value to stakeholders by:

- Increasing our relevance through leadership, proactive efforts, and technical competence and credibility;
- Building strong and constructive relationships with NERC and our regional partners, members, and stakeholders;
- Implementing risk-based concepts to provide consistency for industry, and increased flexibility within a rule-based, regulatory framework; and
- Encouraging forward-looking reliability and security by assessing and advising industry on the design and implementation of effective internal controls.

## Membership and Governance

WECC has 299 members<sup>1</sup> divided into the following five Membership Classes:

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<sup>1</sup> As of April 21, 2021.



1. Large Transmission Owners;
2. Small Transmission Owners;
3. Electric Line of Business Entities doing business in the Western Interconnection that do not own, control, or operate transmission or distribution lines in the Western Interconnection;
4. End users and entities that represent the interests of end users; and
5. Representatives of state and provincial governments.

WECC membership is open to any person or entity that has an interest in the reliable and secure operation of the Western Interconnection BPS. WECC membership is not required for participation in the WECC Standards Development process.<sup>2</sup>

WECC is governed by a Board of Directors (Board), composed of nine independent Directors elected by the WECC membership, and WECC's president and CEO as appointed by the Board. The nine Directors are compensated by WECC for their governance and oversight activities.

Four governance committees provide functional oversight of WECC operations:

- Finance and Audit Committee (FAC);
- Governance Committee (GC);
- Human Resources and Compensation Committee (HRCC); and
- Nominating Committee (NC).

Under the direction of the Board, other committees provide technical advice and policy recommendations to the Board<sup>3</sup>:

- Joint Guidance Committee (JGC);
- Market Interface Committee (MIC);
- Member Advisory Committee (MAC);
- Operating Committee (OC);
- Reliability Assessment Committee (RAC); and
- WECC Standards Committee (WSC).

## 2022 Key Assumptions and Strategic Goals

The Board recognizes the electric industry is undergoing profound changes nationally, and especially in the West, and other institutions are involved in furthering the understanding of these changes.

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<sup>2</sup> Non-WECC members may participate in standards drafting teams and may vote on Regional Reliability Standards (RRS). See WECC's Reliability Standards Development Procedures.

<sup>3</sup> The Stakeholder Engagement Task Force (SETF) recommendations are expected to be brought to the Board in June 2021 and may affect the technical committee structure in 2022. Due to timing, the 2022 budget does not include any budget assumptions related to potential changes. Any technical committee structure changes will be reflected in the 2023 Business Plan and Budget.



WECC proactively addresses issues for which the impacts to the Western Interconnection's reliability and security are less understood (e.g., the risk is unique to the Western Interconnection) or for which WECC and its committees can make a significant contribution to Western BPS reliability and security.

In September 2020, the Board approved WECC's updated Long-Term Strategy (formerly called the Strategic Direction Outline). WECC's Long-Term Strategy builds on the foundation established by the Electric Reliability Organization (ERO) Enterprise Long-Term Strategy. Described more fully below, the ERO Enterprise Long-Term Strategy is representative of continent-wide risks and was vetted through a stakeholder process. WECC's Long-Term Strategy then identifies unique western long-term focus areas to address the reliability and security needs of the Western Interconnection while supporting reliability and security across North America. These two strategy documents, coupled with the ERO Enterprise-driven program areas, will guide the work of WECC in 2022 and beyond.

Additionally, the Board approved the following WECC Reliability Risk Priorities at its June 2020 meeting. These risk priorities serve as input to both committee and program area 2021–2023 work plans. Much of the work related to the WECC Reliability Risk Priorities involves staff time; examples of activities supporting these priorities are noted in the appropriate statutory program area sections of the business plan. The WECC Reliability Risk Priorities will be updated in 2022 and these updated priorities will be used to inform future business plans.

## Reliability Risk Priorities

The WECC Reliability Risk Priorities approved in 2020 are further described below.

### Resource Adequacy and Performance

Study interconnection-wide future resource adequacy and performance considering:

- The importance of working with resource planners and decision-makers;
- Benefits of resource diversity (geographical and resource type);
- Technology performance during various conditions (e.g., solar during extreme heat); and
- Near-term and longer-term time frames.

### Changing Resource Mix

Evaluate the impacts of the changing resource mix considering:

- Large amounts of coal and nuclear plant retirements;
- High use of inverter-based resources;
- Transmission congestion and other deliverability challenges;
- Changes to capacity factors of natural gas resources;



- Market trends and market impacts;
- System stability and voltage challenges; and
- The benefits and challenges associated with energy storage and hybrid resources.

## **Distribution System and Customer Load Impacts on the BPS**

Investigate and develop recommendations to limit the reliability risk to the BPS caused by changes to the distribution system (e.g., growth of distributed energy resources and behind-the-meter storage) and customer loads. This should include operational and planning activities.

## **Extreme Natural Events**

Prepare for and evaluate impacts on the BPS caused by extreme natural events (e.g., wildfires, drought, heavy rain, flooding, extreme cold, pandemics, earthquakes). Share best practices and lessons learned from individual state and utility experiences across the Interconnection.

## **ERO Enterprise Model and Transformation**

The ERO Enterprise strives for consistency when appropriate and recognizes that each Regional Entity addresses reliability in unique ways based on its own challenges and stakeholder needs. The ERO Enterprise model allows Regional Entities to address these unique reliability risks and challenges locally using innovative and distinctive approaches. As the ERO Enterprise continues to mature, it is working on a transformation initiative to further capitalize on resources, enhance communication and collaboration, and ensure grid reliability and security. A set of declarations was established in 2019, committing the ERO Enterprise to:

- Work together as one team and honor each of its roles;
- Actively support ERO Enterprise activities while eliminating unnecessary duplication of work;
- Collaborate to develop clear and consistent guidance across the ERO Enterprise;
- Share information, knowledge, and resources across the ERO Enterprise;
- Develop and share harmonized messages across ERO Enterprise communications; and
- Support innovation, initiative, and the sharing of best practices across the ERO Enterprise.



NERC and the Regional Entities coordinate activities to identify, prioritize, and address risks to reliability. The Regional Entities have similar responsibilities within the ERO Enterprise model:

- Providing input to the overall development of each ERO program area;
- Providing training and development to meet ERO qualifications; and
- Ensuring delegated responsibilities are completed.

Regional Entities also have an obligation to meet professional standards of independence and objectivity and provide the best available expertise for addressing regional risks. This new way of working is encapsulated in this visual.



## ERO Enterprise Long-Term Strategy

In 2019, ERO Enterprise leadership came together to revise the [ERO Enterprise Long-Term Strategy](#) as part of an effort to streamline its strategic and operational documents and ensure alignment with the NERC Reliability Issues Steering Committee’s (RISC) currently identified BPS risks. This strategy was acknowledged by the Board on December 4, 2019, as a valuable input to the WECC strategic planning process and recognizes the strategy as a fruitful collaboration by NERC and the Regional Entities. As previously noted, the ERO Long-Term Strategy served as the foundational input for the development of WECC’s Long-Term Strategy.

As part of the business planning and budgeting process, NERC and the Regional Entities identify and discuss program area goals and activities to ensure alignment with the long-term strategy and harmonization of business processes and operations across the ERO Enterprise where appropriate. WECC acknowledges and supports the long-term strategy as well as deliverables specific to WECC that are described in each statutory program area in Section A.

## 2022 Overview of Cost Impacts

WECC’s proposed 2022 statutory budget is \$29,747,000, a \$1,142,000 (4.0%) increase from the 2021 statutory budget. The net increase is mainly due to:

- Reductions in anticipated meeting and travel requirements due to increases in virtual meetings;
- Four new positions;
- Changes in position levels;
- A 3% merit pool;
- Labor float assumption changes based on actual turnover and vacancy rates; and
- Increased subscription-based computer licensing and enterprise security tools.



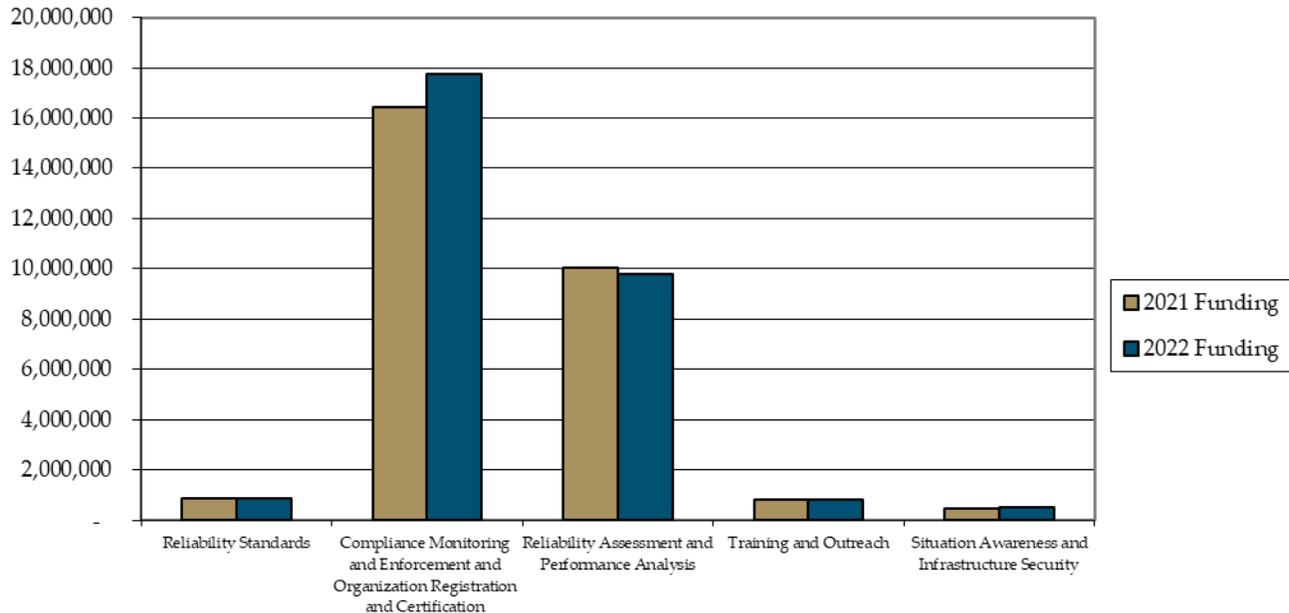
Full-time equivalents (FTE) represent the fractional allocation of a full-time position's cost to one or more functional areas. Headcount (HC) represents either vacant or filled positions. Major drivers of the change between the 2021 and 2022 statutory budgets are as follows:

- Personnel Expenses increase by \$1,417,000 primarily due to four new FTEs, changes in position levels, a budgeted 3% merit pool, continued refinement of labor float percentages, and the refinement of payroll tax and benefits enrollment rates.
- Meeting Expenses decrease by \$501,000 primarily due to a planned increase in virtual meetings resulting from lessons learned about effective technology use during the COVID-19 pandemic and the change of one in-person Reliability and Security Workshop to a virtual format.
- Office Costs increase by \$181,000 primarily due to an increase in subscription-based computer licensing and enterprise security tools.

The following table and chart present a summary of funding requirements for WECC's primary statutory program areas:

Program	Budget 2021	Projection 2021	Budget 2022	Variance 2021 Budget v 2022 Budget	Variance %
Reliability Standards	\$ 864,776	\$ 862,682	\$ 885,532	\$ 20,756	2.4%
Compliance Monitoring and Enforcement and Organization Registration and Certification	16,427,492	16,723,361	17,730,856	1,303,364	7.9%
Reliability Assessment and Performance Analysis	10,022,797	9,830,587	9,802,354	(220,443)	(2.2%)
Training and Outreach	811,152	615,896	812,908	1,756	0.2%
Situation Awareness and Infrastructure Security	478,812	490,384	515,247	36,435	7.6%
<b>Total By Program</b>	<b>\$ 28,605,029</b>	<b>\$ 28,522,910</b>	<b>\$ 29,746,899</b>	<b>\$ 1,141,870</b>	<b>4.0%</b>

### Comparison of 2021 to 2022 Budgeted Funding Requirements



### Peak Reliability Donation

Peak Reliability (Peak) ceased all Reliability Coordinator operations in December 2019 and dissolved as a corporate entity in December 2020. After review and approval by the Board, WECC entered into a donation holdback agreement with Peak prior to its dissolution. Per the agreement, Peak donated \$4,127,000 of its remaining funds to WECC. Of the total amount, \$3,827,000 will be used for projects that are focused on the reliability and security of the Western Interconnection. This portion was recorded as a statutory donation in WECC’s 2020 financial results, with the understanding that FERC approval of this treatment would ultimately be required. Additionally, Peak requested WECC hold \$300,000 for a period of five years to pay any Peak bills that may be presented following Peak’s formal closure on December 31, 2020. This amount was recorded as a non-statutory liability in WECC’s 2020 financial results. The statutory amount is currently included in WECC’s reserves, which are further detailed in Table B-1.

WECC has undertaken an open and transparent process to engage the Board and stakeholders to determine how the funds will be used. All proposals are evaluated to ensure they support WECC’s broad reliability and security mission. They are then discussed with the executive team and



stakeholders via targeted outreach, technical committees, and the Business Plan and Budget (BP&B) process.

To date, several projects have been developed enough to warrant inclusion in the 2022 BP&B. These are:

- The creation of a system planning data management system; and
- Improvements to the Multi-Area Variable Resource Integration Convolution (MAVRIC) resource adequacy assessment tool or procurement of an off-the-shelf probabilistic resource adequacy tool.

For 2022, WECC proposes to use \$400,000 from the Peak Reliability Donation reserve to fund these projects. This process will be followed for future projects, which will be identified in future BP&Bs. For projects not anticipated in the annual BP&B and expected to total more than \$500,000, WECC will seek approval from FERC via separate one-time filings.

WECC requests Commission approval to record the \$3,827,000 Peak donation amount (*i.e.*, net of the \$300,000 holdback for payment of potential post-termination bills) as a statutory donation, to segregate the funds in a separate Peak Reliability Donation reserve account in WECC's accounting system, and to release funds from this reserve account for specific uses as described in an annual BP&B or in a separate filing with the Commission, where appropriate.

## Personnel Overview

In the 2022 budget, WECC is adding 4.0 FTEs and realigning some positions within program areas due to evolving organizational needs and priorities. One auditor position is added to the Compliance Monitoring and Enforcement Program (CMEP) to increase staff competency in Transmission Planning and Protection Systems due to reduced reliance on contractor expertise in these areas, and to increase auditor support of entity assistance engagements and other CMEP areas. One mitigation engineer position is added to CMEP, with a focus on Operations and Planning standards, to ensure timely processing of an increasing workload. One internal controls position is added to CMEP due to the increasing demands on WECC's sole internal controls subject matter expert as WECC increases focus on registered entity internal controls design, implementation, and assistance. One external affairs position is added to Legal and Regulatory as WECC continues to expand stakeholder outreach and education efforts across the West. This position will support Reliability Assessment and Performance Analysis (RAPA) staff in the timely drafting and dissemination of influential reliability and security analyses to key audiences.

One position is transferred, through the engineering development program, from RAPA to CMEP for an Entity Risk Assessment engineering position. Due to efficiencies gained and an open position in



General and Administrative (G&A), one position is redeployed to CMEP for a mitigation engineer, with a focus on Critical Infrastructure Protection (CIP) standards.

Several partial FTEs were transferred based on evolving organizational needs: 0.5 FTE is transferred from RAPA to Training and Outreach to support increased initiatives to socialize relevant work products with stakeholders; 0.5 FTE is transferred from G&A to Finance and Accounting to assist with increased financial and administrative tasks; 0.5 FTE is transferred from Legal and Regulatory to G&A due to realignment of job responsibilities.

Details of the additions, transfers, and allocations are discussed in the respective program area sections of the Business Plan and Budget.

Total FTEs by Program Area	Budget 2021	Projection 2021	Direct FTEs 2022 Budget	Shared FTEs* 2022 Budget	Total FTEs 2022 Budget	Change from 2021 Budget
<b>STATUTORY</b>						
<b>Operational Programs</b>						
Reliability Standards	3.00	3.00	3.00	-	3.00	-
Compliance Monitoring and Enforcement and Organization Registration and Certification	62.75	65.75	67.75	-	67.75	5.00
Reliability Assessment and Performance Analysis	37.30	37.30	35.80	-	35.80	(1.50)
Training and Outreach	1.50	1.50	2.00	-	2.00	0.50
Situation Awareness and Infrastructure Security	2.00	2.00	2.00	-	2.00	-
<b>Total FTEs Operational Programs</b>	<b>106.55</b>	<b>109.55</b>	<b>110.55</b>	<b>-</b>	<b>110.55</b>	<b>4.00</b>
<b>Corporate Services</b>						
Technical Committees and Member Forums	-	-	-	-	-	-
General and Administrative	18.70	16.70	17.70	-	17.70	(1.00)
Legal and Regulatory	7.25	7.25	7.75	-	7.75	0.50
Information Technology	9.00	9.00	9.00	-	9.00	-
Human Resources	4.00	4.00	4.00	-	4.00	-
Finance and Accounting	3.00	3.50	3.50	-	3.50	0.50
<b>Total FTEs Corporate Services</b>	<b>41.95</b>	<b>40.45</b>	<b>41.95</b>	<b>-</b>	<b>41.95</b>	<b>-</b>
<b>Total FTEs</b>	<b>148.50</b>	<b>150.00</b>	<b>152.50</b>	<b>-</b>	<b>152.50</b>	<b>4.00</b>

\*A shared FTE is defined as an employee who performs both Statutory and Non-Statutory functions.



## 2021 Statutory Budget and Projection and 2022 Budget Comparisons

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital 2021 Budget & Projection, and 2022 Budget					
STATUTORY					
	2021 Budget	2021 Projection	Variance 2021 Budget v 2021 Projection Over(Under)	2022 Budget	Variance 2022 Budget v 2021 Budget Inc(Dec)
<b>Revenue</b>					
<b>Statutory Funding</b>					
WECC Assessments	\$ 25,000,000	\$ 25,000,000	\$ -	\$ 25,000,000	\$ -
Penalties Released <sup>1</sup>	3,499,000	3,499,000	-	5,298,000	1,799,000
<b>Total Statutory Funding</b>	<b>\$ 28,499,000</b>	<b>\$ 28,499,000</b>	<b>\$ -</b>	<b>\$ 30,298,000</b>	<b>\$ 1,799,000</b>
Membership Fees	\$ -	\$ -	\$ -	\$ -	\$ -
Workshops & Miscellaneous	430,000	222,400	(207,600)	194,700	(235,300)
Interest	200,000	78,100	(121,900)	109,501	(90,499)
<b>Total Revenue (A)</b>	<b>\$ 29,129,000</b>	<b>\$ 28,799,500</b>	<b>\$ (329,500)</b>	<b>\$ 30,602,201</b>	<b>\$ 1,473,201</b>
<b>Expenses</b>					
<b>Personnel Expenses</b>					
Salaries	\$ 17,447,448	\$ 18,066,266	\$ 618,818	\$ 18,411,644	\$ 964,196
Payroll Taxes	1,144,116	1,238,875	94,759	1,217,683	73,567
Benefits	2,390,953	2,428,133	37,180	2,605,571	214,618
Retirement Costs	1,499,399	1,534,345	34,946	1,663,608	164,209
<b>Total Personnel Expenses</b>	<b>\$ 22,481,916</b>	<b>\$ 23,267,619</b>	<b>\$ 785,703</b>	<b>\$ 23,898,506</b>	<b>\$ 1,416,590</b>
<b>Meeting Expenses</b>					
Meetings & Conference Calls	\$ 585,190	\$ 319,579	\$ (265,611)	\$ 458,044	\$ (127,146)
Travel	1,146,887	201,906	(944,981)	772,654	(374,233)
<b>Total Meeting Expenses</b>	<b>\$ 1,732,077</b>	<b>\$ 521,485</b>	<b>\$ (1,210,592)</b>	<b>\$ 1,230,698</b>	<b>\$ (501,379)</b>
<b>Operating Expenses, excluding Depreciation</b>					
Consultants & Contracts	\$ 988,500	\$ 909,018	\$ (79,482)	\$ 1,004,600	\$ 16,100
Office Rent	1,372,346	1,343,760	(28,586)	1,306,912	(65,434)
Office Costs	1,663,299	1,835,597	172,298	1,844,335	181,036
Professional Services	955,800	1,042,332	86,532	1,045,000	89,200
Miscellaneous	-	-	-	-	-
<b>Total Operating Expenses</b>	<b>\$ 4,979,945</b>	<b>\$ 5,130,707</b>	<b>\$ 150,762</b>	<b>\$ 5,200,847</b>	<b>\$ 220,902</b>
<b>Total Direct Expenses</b>	<b>\$ 29,193,938</b>	<b>\$ 28,919,811</b>	<b>\$ (274,127)</b>	<b>\$ 30,330,051</b>	<b>\$ 1,136,113</b>
<b>Indirect Expenses</b>	<b>\$ (687,436)</b>	<b>\$ (652,114)</b>	<b>\$ 35,322</b>	<b>\$ (695,066)</b>	<b>\$ (7,630)</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Expenses (B)</b>	<b>\$ 28,506,502</b>	<b>\$ 28,267,697</b>	<b>\$ (238,805)</b>	<b>\$ 29,634,985</b>	<b>\$ 1,128,483</b>
<b>Change in Net Assets (=A-B)</b>	<b>\$ 622,498</b>	<b>\$ 531,803</b>	<b>\$ (90,695)</b>	<b>\$ 967,216</b>	<b>\$ 344,718</b>
<b>Fixed Asset Additions, excluding Right of Use Assets (C)</b>	<b>\$ 98,527</b>	<b>\$ 255,213</b>	<b>\$ (156,686)</b>	<b>\$ 111,914</b>	<b>\$ 13,387</b>
<b>TOTAL BUDGET (B+C)</b>	<b>\$ 28,605,029</b>	<b>\$ 28,522,910</b>	<b>\$ (395,491)</b>	<b>\$ 29,746,899</b>	<b>\$ 1,141,870</b>
<b>TOTAL CHANGE IN WORKING CAPITAL (A-B-C)</b>	<b>\$ 523,971</b>	<b>\$ 276,590</b>	<b>\$ 65,991</b>	<b>\$ 855,302</b>	<b>\$ 331,331</b>
FTEs	148.5	150.0	1.5	152.5	4.0
HC	148.0	150.0	2.0	152.0	4.0

<sup>1</sup> Represents the amount released from working capital reserves to offset U.S. assessments as approved by the NERC Board of Trustees and FERC. Actual penalties invoiced in the current reporting year, listed on Table B-2, will be reported as income on the audited financial statements in accordance with Generally Accepted Accounting Principles (GAAP).





# Section A

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**Statutory Programs**

## Section A—Statutory Programs

### Reliability Standards Program

Reliability Standards Program (in whole dollars)			
	2021 Budget	2022 Budget	Increase (Decrease)
Total FTEs	3.0	3.0	-
Direct Expenses	\$ 567,386	\$ 584,610	\$ 17,224
Indirect Expenses	\$ 294,615	\$ 297,886	\$ 3,271
Other Non-Operating Expenses	\$ -	\$ -	\$ -
Inc(Dec) in Fixed Assets	\$ 2,775	\$ 3,036	\$ 261
Total Funding Requirement	\$ 864,776	\$ 885,532	\$ 20,756

#### Program Scope and Functional Description

The Reliability Standards Program supports the NERC Reliability Standards Program and aids the development of Regional Reliability Standards (RRS), Regional Variances to NERC Reliability Standards, and Regional Criteria.

The Reliability Standards Program also conducts a five-year review of each current RRS, Regional Variance to NERC Reliability Standards, and Regional Criterion. These reviews can result in revisions to the document, retirement of the document, or a finding that no changes are necessary if the document is no longer needed for reliability.

WECC supports the development of Regional Variances to NERC Reliability Standards when it is necessary to address Western Interconnection reliability issues. The variances are necessitated by a physical difference in the BPS or instances in which Western stakeholders want more stringent performances. WECC will only develop an RRS, rather than a variance, when no NERC Reliability Standard exists to address a reliability issue.

Regional Criteria may be necessary to implement, augment, or comply with NERC Reliability Standards, but they are not Reliability Standards themselves and are not enforceable. Regional Criteria may include acceptable operating or planning parameters, guides, or other documents used to enhance BPS reliability.

As part of the business planning and budgeting process, NERC and the Regional Entities ensure alignment with the ERO Enterprise Long-Term Strategy and harmonization of business processes and operations across the ERO Enterprise where appropriate. Deliverables in this program area support both the WECC and ERO Enterprise long-term strategies.



## 2022 Key Budget Assumptions

- The number of RRS projects will remain low, with most focusing on potential retirement of existing RRSs, due to the subject matter being included in NERC Continent-wide Standards. It is possible, but not likely, that regulatory directives could result in RRS projects.
- Much of the work needed to develop RRSs, Regional Variances to NERC Reliability Standards, and Regional Criteria will continue to be performed by stakeholder volunteers.
- Stakeholder volunteers will continue to staff most NERC Standards drafting teams.
- WECC employees may, at times, participate as drafting team members or observers.
- Integration of renewable resources and related energy storage devices may require new or modified NERC Reliability Standards, RRSs, or Regional Variances to NERC Reliability Standards.
- WECC supports, and will participate in, the enhanced periodic reviews of NERC Reliability Standards and the NERC Standards Grading effort, when appropriate.
- Increases in virtual meetings will decrease travel expenses.

## 2022 Goals and Deliverables

- Represent the perspective of the Western Interconnection in NERC Continent-wide Reliability Standards or, if necessary, through the development of Regional Variances or RRSs if a NERC Continent-wide Standard addressing a Western Interconnection reliability issue does not exist.
- Ensure the RRSs and Regional Criteria developed using the WECC Reliability Standards Development Procedures meet the needs of the Western stakeholders.
- Ensure development of RRSs and Regional Criteria is performed according to the most recent WECC Reliability Standards Development Procedures.
- Actively participate in the communication of NERC Standards drafting teams' activities to the Western stakeholders.
- Continue to review existing RRSs to determine whether any are candidates for incorporation as a Regional Variance to a NERC Continent-wide Reliability Standard and, if so, coordinate with NERC to address the incorporation during NERC's next enhanced periodic review of the NERC Reliability Standard(s).
- Conduct periodic reviews of existing RRSs and Regional Criteria to improve their content and quality.
- Evaluate information from audit and enforcement experiences and information learned through event analysis to determine whether any new RRSs or revisions to existing RRSs are necessary.



**Resource Requirements/Explanation of Significant Changes***Personnel Expenses*

- Personnel Expenses increase by a net of \$22,000 primarily due to a budgeted 3% merit pool, continued refinement of labor float percentages, and the refinement of payroll tax and benefits rates.

*Meeting Expenses*

- No significant changes.

*Operating Expenses*

- No significant changes.

*Fixed Assets*

- No significant changes.

See Section B—Supplemental Financial Information for explanations of other variances between the 2021 and 2022 budgets.



## Reliability Standards Program Funding Sources and Expenditures

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital 2021 Budget & Projection, and 2022 Budget					
RELIABILITY STANDARDS					
	2021 Budget	2021 Projection	Variance 2021 Budget v 2021 Projection Over(Under)	2022 Budget	Variance 2022 Budget v 2021 Budget Inc(Dec)
<b>Revenue</b>					
<b>Statutory Funding</b>					
WECC Assessments	\$ 776,468	\$ 776,468	\$ -	\$ 764,248	\$ (12,220)
Penalties Released	98,517	98,517	-	143,772	45,255
<b>Total Statutory Funding</b>	<b>\$ 874,985</b>	<b>\$ 874,985</b>	<b>\$ -</b>	<b>\$ 908,020</b>	<b>\$ 33,035</b>
Membership Fees	-	-	-	-	-
Workshops & Miscellaneous	-	-	-	-	-
Interest	5,631	2,139	(3,492)	2,972	(2,659)
<b>Total Revenue (A)</b>	<b>\$ 880,616</b>	<b>\$ 877,124</b>	<b>\$ (3,492)</b>	<b>\$ 910,992</b>	<b>\$ 30,376</b>
<b>Expenses</b>					
<b>Personnel Expenses</b>					
Salaries	\$ 438,520	\$ 446,083	\$ 7,563	\$ 454,624	\$ 16,104
Payroll Taxes	27,803	28,234	431	30,150	2,347
Benefits	41,062	54,605	13,543	42,770	1,708
Retirement Costs	38,151	39,988	1,837	40,461	2,310
<b>Total Personnel Expenses</b>	<b>\$ 545,536</b>	<b>\$ 568,910</b>	<b>\$ 23,374</b>	<b>\$ 568,005</b>	<b>\$ 22,469</b>
<b>Meeting Expenses</b>					
Meetings & Conference Calls	-	-	-	-	-
Travel	17,550	3,921	(13,629)	13,065	(4,485)
<b>Total Meeting Expenses</b>	<b>\$ 17,550</b>	<b>\$ 3,921</b>	<b>\$ (13,629)</b>	<b>\$ 13,065</b>	<b>\$ (4,485)</b>
<b>Operating Expenses, excluding Depreciation</b>					
Consultants & Contracts	-	-	-	-	-
Office Rent	-	-	-	-	-
Office Costs	4,300	3,384	(916)	3,540	(760)
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
<b>Total Operating Expenses</b>	<b>\$ 4,300</b>	<b>\$ 3,384</b>	<b>\$ (916)</b>	<b>\$ 3,540</b>	<b>\$ (760)</b>
<b>Total Direct Expenses</b>	<b>\$ 567,386</b>	<b>\$ 576,215</b>	<b>\$ 8,829</b>	<b>\$ 584,610</b>	<b>\$ 17,224</b>
<b>Indirect Expenses</b>	<b>\$ 294,615</b>	<b>\$ 279,478</b>	<b>\$ (15,137)</b>	<b>\$ 297,886</b>	<b>\$ 3,271</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Expenses (B)</b>	<b>\$ 862,001</b>	<b>\$ 855,693</b>	<b>\$ (6,308)</b>	<b>\$ 882,496</b>	<b>\$ 20,495</b>
<b>Change in Net Assets (=A-B)</b>	<b>\$ 18,615</b>	<b>\$ 21,431</b>	<b>\$ 2,816</b>	<b>\$ 28,496</b>	<b>\$ 9,881</b>
<b>Fixed Assets, excluding Right of Use Assets (C)</b>	<b>\$ 2,775</b>	<b>\$ 6,989</b>	<b>\$ 4,214</b>	<b>\$ 3,036</b>	<b>\$ 261</b>
<b>TOTAL BUDGET (B+C)</b>	<b>\$ 864,776</b>	<b>\$ 862,682</b>	<b>\$ (2,094)</b>	<b>\$ 885,532</b>	<b>\$ 20,756</b>
<b>TOTAL CHANGE IN WORKING CAPITAL (A-B-C)</b>	<b>\$ 15,840</b>	<b>\$ 14,442</b>	<b>\$ (1,398)</b>	<b>\$ 25,460</b>	<b>\$ 9,620</b>
FTEs	3.0	3.0	-	3.0	-
HC	3.0	3.0	-	3.0	-



## Compliance Monitoring and Enforcement and Organization Registration and Certification Program

<b>Compliance Monitoring and Enforcement and Organization Registration and Certification Program</b> (in whole dollars)			
	<b>2021 Budget</b>	<b>2022 Budget</b>	<b>Increase (Decrease)</b>
Total FTEs	62.8	67.8	5.0
Direct Expenses	\$ 10,207,096	\$ 10,935,018	\$ 727,922
Indirect Expenses	\$ 6,162,371	\$ 6,727,252	\$ 564,881
Other Non-Operating Expenses	\$ -	\$ -	\$ -
Inc(Dec) in Fixed Assets	\$ 58,025	\$ 68,586	\$ 10,561
Total Funding Requirement	\$ 16,427,492	\$ 17,730,856	\$ 1,303,364

### Program Scope and Functional Description

The CMEP is implemented by Reliability and Security Oversight staff, who are independent of all users, owners, and operators of the BPS.

To accomplish its objectives, staff is divided into five main areas:

- Organization Registration<sup>4</sup>;
- Entity Risk Assessment;
- Entity Monitoring;
- Enforcement and Mitigation; and
- Program Analysis and Administration.

WECC will continue to conduct its monitoring and enforcement activities according to the Board-endorsed Regulatory Philosophy, the key tenets of which are:

- Be an informed regulator;
- Identify top risks to reliability and security;
- Exercise discretion responsibly; and
- Enforce fairly.

Staff monitors and enforces the FERC-approved NERC Reliability Standards across 398<sup>5</sup> registered owners, operators, and users of the BPS through a variety of risk-based activities.

<sup>4</sup> At WECC, certification activities are performed in the RAPA program area.

<sup>5</sup> As of April 21, 2021.



Staff will support ERO Enterprise-level initiatives, which include the following activities:

- Regional Risk Assessments;
- Compliance Oversight Plan (COP) and Inherent Risk Assessments (IRA);
- Organization Registration;
- Mitigation plan reviews, acceptance, approvals, and verification;
- Review of potential noncompliance to assess root cause and risk to BPS;
- Processing and disposition of self-logged, minimal-risk issues;
- Enforcement activities according to established risk-based approaches;
- Review and validation of periodic data submittals;
- Internal compliance program assessments;
- Internal Controls Program reviews;
- Compliance monitoring activities, such as audits, spot-checks, self-certifications, investigations, and assessments of complaints; and
- Bulk Electric System (BES) Exception Requests.

As part of the business planning and budgeting process, NERC and the Regional Entities ensure alignment with the ERO Enterprise Long-Term Strategy and harmonization of business processes and operations across the ERO Enterprise where appropriate. Deliverables in this program area support both the WECC and ERO Enterprise long-term strategies.

### **Compliance in Alberta, British Columbia, and Mexico**

Alberta and British Columbia, Canada, and a portion of Baja California Norte, Mexico, are all part of the Western Interconnection and have adopted or are adopting mandatory Reliability Standards based on FERC-approved Standards. WECC has entered into agreements with the Alberta Market Surveillance Administrator (MSA), the British Columbia Utilities Commission (BCUC), and Mexico's Comisión Reguladora de Energía (CRE), under which WECC performs various compliance monitoring and enforcement activities to help ensure reliability across international borders within the Western Interconnection.

### **2022 Key Budget Assumptions**

- Address known and future reliability risks by monitoring the FERC-approved NERC Reliability Standards for applicable entities through audits, investigations, self-certifications, or spot-checks. Apply a risk-based approach that covers and ensures all audit, on-site and off-site, and post-audit activities are completed according to the NERC Rules of Procedure and the CMEP within the United States. With respect to non-U.S. jurisdictions, monitor compliance according to the approved agreements and applicable compliance monitoring programs with Canadian and Mexican authorities.



- Develop and implement compliance oversight plans for registered entities. The plans focus on relevant risks, including consideration of IRAs, entity performance history, other operational risks based on performance considerations, and the maturity of internal controls.
- Continue working in consultation with the international compliance enforcement authorities to determine which elements of the risk-based CMEP should be incorporated in the respective programs for international entities. Currently, WECC does not conduct IRAs or develop COPs for international entities.
- Resource allocation will continue for activities associated with registration. Participate in NERC-led, centralized review panel sessions as part of the application process for materiality tests of the risk-based registration process outlined in Appendix 5A of the NERC Rules of Procedure. Continue to review, assess, validate, and submit registration recommendations to NERC for new registrations, partial deactivations, transfer of access, and full deregistration changes affecting the NERC Compliance Registry (NCR).
- Fully support ERO Enterprise efforts and activities to evaluate business practices, tools, consistency, implementation, and guidance within the risk-based CMEP. Provide feedback to the ERO Enterprise on emerging and existing risks, with an emphasis on standards development, standards modification, audit and monitoring approaches, and potential gaps.
- Use the results of the Regional Risk Assessment (RRA) to provide input in building areas of focus in the ERO CMEP Implementation Plan.
- Any costs related to a hearing that may arise will be funded through working capital reserves.
- WECC does not foresee any new or revised Standards in 2022 that would require increased resources.
- The Align tool will be used for audits starting in May 2022.
- One new auditor position is added, to address skills gaps and emerging risks, due to decreased reliance on contract labor.
- One new mitigation engineer position is added, with a focus on Operations and Planning standards to ensure timely processing of an increasing workload.
- One new internal controls position is added due to the increasing demands on WECC's sole internal controls subject matter expert, as WECC increases focus on registered entity internal controls design, implementation, and assistance.
- One position is transferred from G&A for a mitigation engineer position with a focus on Critical Infrastructure Protection (CIP) standards.
- One position is transferred, via the engineering development program, from RAPA for an Entity Risk Assessment engineering position.
- Increases in virtual meetings and changes in audit logistics will decrease travel expenses.



## 2022 Goals and Deliverables

- Continue to support the transition to the Align tool by providing outreach and training to staff and registered entities.
- Process and complete organization registration request reviews, validations, and recommendations to NERC according to risk-based registration activities and initiatives.
- Process all BES Exception submittals according to Appendix 5C.
- Participate in ERO Enterprise collaboration groups to ensure consistency in processing registration requests according to the NERC Rules of Procedure outlined in Appendix 5B (Statement of Compliance Registry Criteria).
- Monitor and enforce compliance with mandatory standards according to the WECC-NERC Delegation Agreement, including the Rules of Procedure and the CMEP within the U.S. Monitor compliance according to the approved agreements with respect to non-U.S. jurisdictions, and applicable compliance monitoring programs with Canadian and Mexican authorities.
- Complete 19 audits with an on-site component, as required by the NERC Rules of Procedure and agreements with Canadian jurisdictions. Additional monitoring activities (e.g., audits, spot-checks, self-certifications with supporting evidence) will be scheduled based on risk to the BES.
- Complete initial IRAs and COPs for all new registrations in 2022 and refresh IRAs and COPs as needed for changes in the entity risk profile.
- Participate in ERO Enterprise collaboration groups to build consistency in long-term planning and risk-based monitoring.
- Gather and review risk reports and operations information to update WECC's RRA of the Western Interconnection.
- Work with registered entities in the Western Interconnection to promote a strong culture of reliability and security by focusing on known and future risks.
- Promote the benefits of internal controls programs and their impact on BPS reliability with registered entities.
- Represent the Western Interconnection in the development of NERC and regional initiatives.
- Conduct industry outreach in various forums—webinars, conferences, and entity-specific engagements—to support ERO Enterprise activities and priorities.
- Monitor and manage enforcement measures and metrics in support of the ERO Enterprise Long-Term Strategy, including caseload index, violation aging, and mitigation plan aging; and collaborate with the ERO Enterprise to develop better measures of program effectiveness.
- Continue working with NERC and the other Regional Entities to shape and refine the ERO Enterprise enforcement philosophy that supports uniform, repeatable, transparent, and reliability-focused approaches.



- Conduct initial evaluation of any new noncompliance, and the resulting resolution of enforcement actions, in a timely manner using a reliability risk-based focus. Ensure enforcement discretion is consistent with NERC directives and FERC Orders, rules, and regulations.

## **Resource Requirements/Explanation of Significant Changes**

### *Personnel Expenses*

- Personnel Expenses increase by a net of \$1,125,000 primarily due to three new positions, two positions transferred in from other program areas, a budgeted 3% merit pool, continued refinement of labor float percentages, changes in position levels, and the refinement of payroll tax and benefits rates.

### *Meeting Expenses*

- Travel decreases by \$297,000 primarily due to planned reductions in travel requirements for audit teams and support staff and a planned increase in virtual meetings.

### *Operating Expenses*

- Office Costs decrease by a net of \$97,000 primarily due to the implementation of the Align tool and the resulting decrease in webCDMS licensing fees.

### *Fixed Assets*

- Fixed Assets increase by a net of \$11,000 primarily due to fixed asset additions in Corporate Services. Corporate Services expenses are allocated to statutory and non-statutory program areas based on FTEs.

See Section B—Supplemental Financial Information for explanations of other variances between the 2021 and 2022 budgets.



## Compliance Monitoring and Enforcement and Organization Registration and Certification Program Funding Sources and Expenditures

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital 2021 Budget & Projection, and 2022 Budget					
COMPLIANCE MONITORING AND ENFORCEMENT AND ORGANIZATION REGISTRATION AND CERTIFICATION					
	2021 Budget	2021 Projection	Variance 2021 Budget v 2021 Projection Over(Under)	2022 Budget	Variance 2022 Budget v 2021 Budget Inc(Dec)
<b>Revenue</b>					
<b>Statutory Funding</b>					
WECC Assessments	\$ 14,549,967	\$ 14,549,967	\$ -	\$ 14,926,708	\$ 376,741
Penalties Released	2,060,650	2,060,650	-	3,246,852	1,186,202
<b>Total Statutory Funding</b>	<b>\$ 16,610,617</b>	<b>\$ 16,610,617</b>	<b>\$ -</b>	<b>\$ 18,173,560</b>	<b>\$ 1,562,943</b>
Membership Fees	\$ -	\$ -	\$ -	\$ -	\$ -
Workshops & Miscellaneous	-	-	-	-	-
Interest	117,785	46,874	(70,911)	67,107	(50,678)
<b>Total Revenue (A)</b>	<b>\$ 16,728,402</b>	<b>\$ 16,657,491</b>	<b>\$ (70,911)</b>	<b>\$ 18,240,667</b>	<b>\$ 1,512,265</b>
<b>Expenses</b>					
<b>Personnel Expenses</b>					
Salaries	\$ 7,314,902	\$ 8,005,509	\$ 690,607	\$ 8,152,114	\$ 837,212
Payroll Taxes	504,576	583,722	79,146	550,760	46,184
Benefits	807,824	776,872	(30,952)	953,931	146,107
Retirement Costs	629,057	694,631	65,574	724,861	95,804
<b>Total Personnel Expenses</b>	<b>\$ 9,256,359</b>	<b>\$ 10,060,734</b>	<b>\$ 804,375</b>	<b>\$ 10,381,666</b>	<b>\$ 1,125,307</b>
<b>Meeting Expenses</b>					
Meetings & Conference Calls	\$ 3,380	\$ 1,100	\$ (2,280)	\$ -	\$ (3,380)
Travel	654,743	32,640	(622,103)	357,990	(296,753)
<b>Total Meeting Expenses</b>	<b>\$ 658,123</b>	<b>\$ 33,740</b>	<b>\$ (624,383)</b>	<b>\$ 357,990</b>	<b>\$ (300,133)</b>
<b>Operating Expenses, excluding Depreciation</b>					
Consultants & Contracts	\$ -	\$ 42,000	\$ 42,000	\$ -	\$ -
Office Rent	-	-	-	-	-
Office Costs	292,614	298,582	5,968	195,362	(97,252)
Professional Services	-	9,913	9,913	-	-
Miscellaneous	-	-	-	-	-
<b>Total Operating Expenses</b>	<b>\$ 292,614</b>	<b>\$ 350,495</b>	<b>\$ 57,881</b>	<b>\$ 195,362</b>	<b>\$ (97,252)</b>
<b>Total Direct Expenses</b>	<b>\$ 10,207,096</b>	<b>\$ 10,444,969</b>	<b>\$ 237,873</b>	<b>\$ 10,935,018</b>	<b>\$ 727,922</b>
<b>Indirect Expenses</b>	<b>\$ 6,162,371</b>	<b>\$ 6,125,217</b>	<b>\$ (37,154)</b>	<b>\$ 6,727,252</b>	<b>\$ 564,881</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Expenses (B)</b>	<b>\$ 16,369,467</b>	<b>\$ 16,570,186</b>	<b>\$ 200,719</b>	<b>\$ 17,662,270</b>	<b>\$ 1,292,803</b>
<b>Change in Net Assets (=A-B)</b>	<b>\$ 358,935</b>	<b>\$ 87,305</b>	<b>\$ (271,630)</b>	<b>\$ 578,397</b>	<b>\$ 219,462</b>
<b>Fixed Assets, excluding Right of Use Assets (C)</b>	<b>\$ 58,025</b>	<b>\$ 153,175</b>	<b>\$ 95,150</b>	<b>\$ 68,586</b>	<b>\$ 10,561</b>
<b>TOTAL BUDGET (B+C)</b>	<b>\$ 16,427,492</b>	<b>\$ 16,723,361</b>	<b>\$ 295,869</b>	<b>\$ 17,730,856</b>	<b>\$ 1,303,364</b>
<b>TOTAL CHANGE IN WORKING CAPITAL (A-B-C)</b>	<b>\$ 300,910</b>	<b>\$ 300,910</b>	<b>\$ (366,780)</b>	<b>\$ 509,811</b>	<b>\$ 208,901</b>
FTEs	62.8	65.8	3.0	67.8	5.0
HC	62.0	65.0	3.0	67.0	5.0



## Reliability Assessment and Performance Analysis

Reliability Assessment and Performance Analysis (in whole dollars)			
	2021 Budget	2022 Budget	Increase (Decrease)
Total FTEs	37.3	35.8	(1.5)
Direct Expenses	\$ 6,325,255	\$ 6,211,343	\$ (113,912)
Indirect Expenses	\$ 3,663,051	\$ 3,554,769	\$ (108,282)
Other Non-Operating Expenses	\$ -	\$ -	\$ -
Inc(Dec) in Fixed Assets	\$ 34,491	\$ 36,242	\$ 1,751
Total Funding Requirement	\$ 10,022,797	\$ 9,802,354	\$ (220,443)

### Program Scope and Functional Description

RAPA staff conducts a variety of assessments, analyses, and studies essential to the reliable planning and operation of the BPS in the Western Interconnection. Staff also compiles and distributes data and information used by stakeholders to help with regional and local planning studies. These integrated assessment and planning efforts enhance WECC's overall ability to assess potential reliability risks in the Western Interconnection.

The RAPA Program is organized into three departments:

1. The **Performance Analysis and Resource Adequacy Department** analyzes the historical operation and performance of the Western Interconnection. The analyses are the building blocks to assess interconnection-wide risks and vulnerabilities. The information produced helps to identify best practices and mitigate potential risk. The department also conducts forward-looking resource adequacy assessments using deterministic and probabilistic methods.
2. The **Events Analysis Department** analyzes system conditions and events that affect or may affect the reliable operation of the BPS. The department's activities ensure that stakeholders, NERC, and FERC are well-informed of system events, emerging trends, lessons learned, and expected actions affecting BPS reliability.

3. The **Reliability Planning Department** develops and maintains WECC’s integrated capability to study Western Interconnection reliability issues for the near- and long-term planning horizon. The group is the NERC-designated, interconnection-wide model builder under the MOD-032 Reliability Standard. The department develops the planning tools and datasets that support transmission planning and performs special studies on priority reliability issues as they are identified. The studies, performed in close collaboration with the technical committees, consider both system adequacy and system stability.

The RAPA Program also supports the development of NERC’s RAPA activities through targeted data gathering and participation in the Summer, Winter, Long-Term Reliability, and Special assessments.

As part of the business planning and budgeting process, NERC and the Regional Entities ensure alignment with the ERO Enterprise Long-Term Strategy and harmonization of business processes and operations across the ERO Enterprise where appropriate. Deliverables in this program area support both the WECC and ERO Enterprise long-term strategies.

### 2022 Key Budget Assumptions

- Staff and technical committees continue to focus on assessment activities that address the WECC Reliability Risk Priorities approved by the Board in June 2020 and any updates to be approved in 2022.
- Staff will be responsive to unanticipated emerging reliability risks and will work with stakeholders to develop timely and accurate reliability analyses.
- WECC will implement the recommendations from the Stakeholder Engagement Task Force (SETF), which will increase the engagement of stakeholder subject matter experts in technical committees and in assessments led by staff.
- The SETF recommendations are expected to be brought to the Board in June 2021 and may affect the technical committee structure in 2022. Due to the timing, the 2022 budget does not include any budget assumptions related to potential changes. Any technical committee structure changes will be reflected in the 2023 Business Plan and Budget.
- Building on the NERC RISC Report, staff and stakeholders will continue to play a leadership role in identifying reliability challenges specific to the Western Interconnection.
- New grid technologies and power system changes will create a need for modeling enhancements and data collection.
- One position is transferred, via the engineering development program, to CMEP for an Entity Risk Assessment engineering position.
- 0.5 FTE is transferred to Training and Outreach to support increased initiatives to socialize relevant work products with stakeholders.
- An increase in virtual meetings will decrease travel and meeting expenses.



## 2022 Goals and Deliverables

- Continue the three-year planning cycle with the JGC to align staff and technical committee work plans in support of the WECC Reliability Risk Priorities.
- Coordinate with stakeholders and NERC to ensure unanticipated emerging reliability challenges are identified and addressed.
- Prepare interconnection-wide power flow and stability base cases.
- Identify and apply lessons learned from the 2030 Anchor Data Set (ADS) development and develop the 2032 ADS.
- Facilitate dynamic model and power flow tool development, focusing on new technology resources and concepts like energy storage and dynamic line ratings, respectively.
- Continue to develop and maintain databases for production cost, resource adequacy, and other models.
- Collect and make short-circuit models available for industry coordination.
- Create and model alternate plausible futures for the Western Interconnection, considering technical, economic, policy, and other drivers.
- Explore and implement technology solutions for enhanced data collection, validation, and storage.
- Provide technical leadership, insight, and guidance to analyze the effects of the changing resource mix and load characteristics. Recommend suggestions to minimize reliability risks or improve tools and modeling capabilities.
- Conduct reliability assessments that evaluate the adequacy and stability of the BPS in the planning horizon, including WECC's Western Assessment of Resource Adequacy and support the NERC Long-Term Reliability Assessment and incorporated probabilistic assessment, Summer Reliability Assessment, and Winter Reliability Assessment.
- Conduct Special Reliability Assessments as needed for high-impact, low-frequency events like geomagnetic disturbances or prolonged droughts.
- Assess the effectiveness of the Western Interconnection Under-Frequency Load Shedding Plan.
- Use data from actual system disturbances to validate power flow and stability base case models.
- Publish transmission maps of the Western Interconnection.
- Facilitate the Project Coordination, Path Rating, and Progress Report processes.
- Verify and submit NERC Transmission Availability Data System (TADS), Generator Availability Data System (GADS), Demand-Response Availability Data System (DADS), and Misoperation Information Data Analysis System (MIDAS) filings.
- Assess entity performance through site visits or short surveys regarding key operational or planning practices to identify and share best practices and potential risks to reliability.
- Evaluate historical system performance trends to identify reliability risk metrics, key indicators, and potential improvement strategies. Publish results in reports like the State of the

Interconnection and work with technical committees to engage in proactive reliability improvement activities.

- Identify key vulnerability issues and work with stakeholders to address them; for example: physical and cybersecurity, situation awareness and coordination across neighboring systems, human performance, and equipment misoperations or failures.
- Complete event analysis reports and develop and educate stakeholders on lessons learned to minimize the possibility and reoccurrence of significant events.
- Develop reliability guidelines, technical white papers and reports, and reference documents to address emerging issues, operational risks, and industry concerns related to system operations.
- Ensure the Western Interconnection is represented in reliability matters by participating in regional and national stakeholder forums.

## **Resource Requirements/Explanation of Significant Changes**

### *Personnel Expenses*

- Personnel Expenses increase by a net of \$100,000 primarily due to the net of one FTE transferred to CMEP, 0.5 FTE transferred to Training and Outreach, a budgeted 3% merit pool, continued refinement of labor float percentages, changes in position levels, and the refinement of payroll tax and benefits rates.

### *Meeting Expenses*

- Meetings & Conference Calls decrease by a net of \$16,000 primarily due to planned increases in virtual meetings.
- Travel decreases by a net of \$62,000 primarily due to planned increases in virtual meetings.

### *Operating Expenses*

- Consultants & Contracts decrease by a net of \$142,000 primarily due to the completion of one-time 2021 study work and the addition of MAVRIC probabilistic tool updates.

### *Fixed Assets*

- No significant changes.

See Section B—Supplemental Financial Information for explanations of other variances between the 2021 and 2022 budgets.



## Reliability Assessment and Performance Analysis Program Funding Sources and Expenditures

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital 2021 Budget & Projection, and 2022 Budget					
RELIABILITY ASSESSMENT AND PERFORMANCE ANALYSIS					
	2021 Budget	2021 Projection	Variance 2021 Budget v 2021 Projection Over(Under)	2022 Budget	Variance 2022 Budget v 2021 Budget Inc(Dec)
<b>Revenue</b>					
<b>Statutory Funding</b>					
WECC Assessments	\$ 8,911,479	\$ 8,911,479	\$ -	\$ 8,333,059	\$ (578,420)
Penalties Released	1,224,896	1,224,896	-	1,715,680	490,784
<b>Total Statutory Funding</b>	<b>\$ 10,136,375</b>	<b>\$ 10,136,375</b>	<b>\$ -</b>	<b>\$ 10,048,739</b>	<b>\$ (87,636)</b>
Membership Fees	\$ -	\$ -	\$ -	\$ -	\$ -
Workshops & Miscellaneous	-	-	-	-	-
Interest	70,014	26,592	(43,422)	35,460	(34,554)
<b>Total Revenue (A)</b>	<b>\$ 10,206,389</b>	<b>\$ 10,162,967</b>	<b>\$ (43,422)</b>	<b>\$ 10,084,199</b>	<b>\$ (122,190)</b>
<b>Expenses</b>					
<b>Personnel Expenses</b>					
Salaries	\$ 4,314,753	\$ 4,382,744	\$ 67,991	\$ 4,381,226	\$ 66,473
Payroll Taxes	295,396	317,896	22,500	292,557	(2,839)
Benefits	491,141	552,418	61,277	512,784	21,643
Retirement Costs	374,735	399,431	24,696	389,613	14,878
<b>Total Personnel Expenses</b>	<b>\$ 5,476,025</b>	<b>\$ 5,652,489</b>	<b>\$ 176,464</b>	<b>\$ 5,576,180</b>	<b>\$ 100,155</b>
<b>Meeting Expenses</b>					
Meetings & Conference Calls	\$ 45,180	\$ 13,955	\$ (31,225)	\$ 29,476	\$ (15,704)
Travel	210,070	56,810	(153,260)	148,062	(62,008)
<b>Total Meeting Expenses</b>	<b>\$ 255,250</b>	<b>\$ 70,765</b>	<b>\$ (184,485)</b>	<b>\$ 177,538</b>	<b>\$ (77,712)</b>
<b>Operating Expenses, excluding Depreciation</b>					
Consultants & Contracts	\$ 350,000	\$ 285,663	\$ (64,337)	\$ 208,100	\$ (141,900)
Office Rent	-	-	-	-	-
Office Costs	243,980	259,936	15,956	249,525	5,545
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
<b>Total Operating Expenses</b>	<b>\$ 593,980</b>	<b>\$ 545,599</b>	<b>\$ (48,381)</b>	<b>\$ 457,625</b>	<b>\$ (136,355)</b>
<b>Total Direct Expenses</b>	<b>\$ 6,325,255</b>	<b>\$ 6,268,853</b>	<b>\$ (56,402)</b>	<b>\$ 6,211,343</b>	<b>\$ (113,912)</b>
<b>Indirect Expenses</b>	<b>\$ 3,663,051</b>	<b>\$ 3,474,838</b>	<b>(188,213)</b>	<b>\$ 3,554,769</b>	<b>\$ (108,282)</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Expenses (B)</b>	<b>\$ 9,988,306</b>	<b>\$ 9,743,691</b>	<b>\$ (244,615)</b>	<b>\$ 9,766,112</b>	<b>\$ (222,194)</b>
<b>Change in Net Assets (=A-B)</b>	<b>\$ 218,083</b>	<b>\$ 419,276</b>	<b>\$ 201,193</b>	<b>\$ 318,087</b>	<b>\$ 100,004</b>
<b>Fixed Assets, excluding Right of Use Assets (C)</b>	<b>\$ 34,491</b>	<b>\$ 86,896</b>	<b>\$ 52,405</b>	<b>\$ 36,242</b>	<b>\$ 1,751</b>
<b>TOTAL BUDGET (B+C)</b>	<b>\$ 10,022,797</b>	<b>\$ 9,830,587</b>	<b>\$ (192,210)</b>	<b>\$ 9,802,354</b>	<b>\$ (220,443)</b>
<b>TOTAL CHANGE IN WORKING CAPITAL (A-B-C)</b>	<b>\$ 183,592</b>	<b>\$ 332,380</b>	<b>\$ 148,788</b>	<b>\$ 281,845</b>	<b>\$ 98,253</b>
FTEs	37.3	37.3	-	35.8	(1.5)
HC	38.0	38.0	-	36.0	(2.0)



## Training and Outreach

<b>Training and Outreach</b> (in whole dollars)			
	<b>2021 Budget</b>	<b>2022 Budget</b>	<b>Increase (Decrease)</b>
Total FTEs	1.5	2.0	0.5
Direct Expenses	\$ 662,457	\$ 612,293	\$ (50,164)
Indirect Expenses	\$ 147,308	\$ 198,590	\$ 51,282
Other Non-Operating Expenses	\$ -	\$ -	\$ -
Inc(Dec) in Fixed Assets	\$ 1,387	\$ 2,025	\$ 638
Total Funding Requirement	\$ 811,152	\$ 812,908	\$ 1,756

### Program Scope and Functional Description

The Training and Outreach Program provides outreach, education, and training on Reliability Standards, compliance topics, improvement of compliance programs, reliability planning and performance analysis, grid operations and security, and human performance.

As part of the business planning and budgeting process, NERC and the Regional Entities ensure alignment with the ERO Enterprise Long-Term Strategy and harmonization of business processes and operations across the ERO Enterprise where appropriate. Deliverables in this program area support both the WECC and ERO Enterprise long-term strategies.

### 2022 Key Budget Assumptions

- WECC will host a similar number of training and outreach events as in prior years.
- Virtual Training and Outreach formats will be used where appropriate.
- WECC will continue to use partnerships and collaboration with the ERO Enterprise where appropriate to decrease costs.
- 0.5 FTE is transferred from RAPA to support increased training initiatives to socialize relevant work products with stakeholders.

### 2022 Goals and Deliverables

- Deliver monthly Compliance Open Webinars to educate stakeholders on various oversight activities.
- Conduct webinars and workshops to expand awareness of reliability planning tools, modeling capabilities, and study results.



- Deliver quarterly Grid Fundamentals Workshops to teach people who are new to the industry how the electric power system works, how it is managed, and how to better understand reliability issues.
- Deliver two Reliability and Security Workshops to provide targeted and in-depth, risk-based outreach to address and mitigate key risks to reliability and security in the Western Interconnection. One of the Reliability and Security Workshops will be held virtually to retain the increased engagement seen during the pandemic. Specific topics include:
  - Lessons learned and process improvement for implementation of risk-based concepts in the CMEP;
  - Enforcement trends and statistics; and
  - Information on audit approach for upcoming standards changes and transitions.
- Deliver one Human Performance conference, co-hosted with NERC.
- Deliver educational webinars and workshops to further enhance the reliability of the Western Interconnection. Topics include:
  - Internal Controls Practices Group trainings;
  - Reliability planning tools and modeling capabilities, including base case and production cost model studies;
  - Contingency studies and analyses;
  - Scenario planning and regulatory issues and trends; and
  - Event analysis.

## **Resource Requirements/Explanation of Significant Changes**

### *Personnel Expenses*

- Personnel Expenses increase by a net of \$104,000 primarily due to the net of 0.5 FTE transferred from RAPA, a budgeted 3% merit pool, continued refinement of labor float percentages, changes in position levels, and the refinement of payroll tax and benefits rates.

### *Meeting Expenses*

- Meetings & Conference Calls decrease by \$134,000 primarily due to holding one Reliability and Security Workshop virtually, to increase engagement and to accommodate circumstances related to the pandemic.

### *Operating Expenses*

- Office Costs decrease by \$15,000 primarily due to the conversion of one Reliability and Security Workshop to a virtual format and the resulting reduction of merchant credit card and third-party processing fees.



*Fixed Assets*

- No significant changes.

See Section B—Supplemental Financial Information for explanations of other variances between the 2021 and 2022 budgets.



## Training and Outreach Program Funding Sources and Expenditures

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital 2021 Budget & Projection, and 2022 Budget					
TRAINING AND OUTREACH					
	2021 Budget	2021 Projection	Variance 2021 Budget v 2021 Projection Over(Under)	2022 Budget	Variance 2022 Budget v 2021 Budget Inc(Dec)
<b>Revenue</b>					
<b>Statutory Funding</b>					
WECC Assessments	\$ 343,935	\$ 343,935	\$ -	\$ 543,752	\$ 199,817
Penalties Released	49,259	49,259	-	95,848	46,589
<b>Total Statutory Funding</b>	<b>\$ 393,194</b>	<b>\$ 393,194</b>	<b>\$ -</b>	<b>\$ 639,600</b>	<b>\$ 246,406</b>
Membership Fees	\$ -	\$ -	\$ -	\$ -	\$ -
Workshops & Miscellaneous	430,000	222,400	(207,600)	194,700	(235,300)
Interest	2,816	1,069	(1,747)	1,981	(835)
<b>Total Revenue (A)</b>	<b>\$ 826,010</b>	<b>\$ 616,663</b>	<b>\$ (209,347)</b>	<b>\$ 836,281</b>	<b>\$ 10,271</b>
<b>Expenses</b>					
<b>Personnel Expenses</b>					
Salaries	\$ 154,906	\$ 182,063	\$ 27,157	\$ 235,668	\$ 80,762
Payroll Taxes	11,233	12,510	1,277	15,911	4,678
Benefits	19,387	17,011	(2,376)	30,201	10,814
Retirement Costs	13,463	14,575	1,112	20,974	7,511
<b>Total Personnel Expenses</b>	<b>\$ 198,989</b>	<b>\$ 226,159</b>	<b>\$ 27,170</b>	<b>\$ 302,754</b>	<b>\$ 103,765</b>
<b>Meeting Expenses</b>					
Meetings & Conference Calls	\$ 410,980	\$ 206,740	\$ (204,240)	\$ 277,146	\$ (133,834)
Travel	11,720	8,900	(2,820)	6,995	(4,725)
<b>Total Meeting Expenses</b>	<b>\$ 422,700</b>	<b>\$ 215,640</b>	<b>\$ (207,060)</b>	<b>\$ 284,141</b>	<b>\$ (138,559)</b>
<b>Operating Expenses, excluding Depreciation</b>					
Consultants & Contracts	\$ -	\$ -	\$ -	\$ -	\$ -
Office Rent	-	-	-	-	-
Office Costs	40,768	30,864	(9,904)	25,398	(15,370)
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
<b>Total Operating Expenses</b>	<b>\$ 40,768</b>	<b>\$ 30,864</b>	<b>\$ (9,904)</b>	<b>\$ 25,398</b>	<b>\$ (15,370)</b>
<b>Total Direct Expenses</b>	<b>\$ 662,457</b>	<b>\$ 472,663</b>	<b>\$ (189,794)</b>	<b>\$ 612,293</b>	<b>\$ (50,164)</b>
<b>Indirect Expenses</b>	<b>\$ 147,308</b>	<b>\$ 139,739</b>	<b>\$ (7,569)</b>	<b>\$ 198,590</b>	<b>\$ 51,282</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Expenses (B)</b>	<b>\$ 809,765</b>	<b>\$ 612,402</b>	<b>\$ (197,363)</b>	<b>\$ 810,883</b>	<b>\$ 1,118</b>
<b>Change in Net Assets (=A-B)</b>	<b>\$ 16,245</b>	<b>\$ 4,261</b>	<b>\$ (11,984)</b>	<b>\$ 25,398</b>	<b>\$ 9,153</b>
<b>Fixed Assets, excluding Right of Use Assets (C)</b>	<b>\$ 1,387</b>	<b>\$ 3,494</b>	<b>\$ 2,107</b>	<b>\$ 2,025</b>	<b>\$ 638</b>
<b>TOTAL BUDGET (B+C)</b>	<b>\$ 811,152</b>	<b>\$ 615,896</b>	<b>\$ (195,256)</b>	<b>\$ 812,908</b>	<b>\$ 1,756</b>
<b>TOTAL CHANGE IN WORKING CAPITAL (A-B-C)</b>	<b>\$ 14,858</b>	<b>\$ 767</b>	<b>\$ (14,091)</b>	<b>\$ 23,373</b>	<b>\$ 8,515</b>
FTEs	1.5	1.5	-	2.0	0.5
HC	1.0	1.0	-	1.0	-



## Situation Awareness and Infrastructure Security

<b>Situation Awareness and Infrastructure Security</b> (in whole dollars)			
	<b>2021 Budget</b>	<b>2022 Budget</b>	<b>Increase (Decrease)</b>
Total FTEs	2.0	2.0	-
Direct Expenses	\$ 280,553	\$ 314,631	\$ 34,078
Indirect Expenses	\$ 196,410	\$ 198,591	\$ 2,181
Other Non-Operating Expenses	\$ -	\$ -	\$ -
Inc(Dec) in Fixed Assets	\$ 1,849	\$ 2,025	\$ 176
Total Funding Requirement	\$ 478,812	\$ 515,247	\$ 36,435

### Program Scope and Functional Description

The Situation Awareness and Infrastructure Security (SAIS) Program maintains near-real-time awareness about the conditions and significant occurrences on the BPS in the Western Interconnection, with the objective of recognizing conditions and situations that could impact the reliability and security of the BPS. WECC has access to limited near-real-time data through the Situation Awareness for FERC, NERC, and the Regions (SAFNR) tool, and the University of Tennessee Frequency Monitoring Network (FNET).

The SAIS Program is part of WECC's delegation-related activities and does not duplicate the real-time situation awareness and operating coordination provided by other entities within the Western Interconnection. WECC's role is to understand system issues when they emerge and coordinate with relevant parties (typically NERC and FERC) about the conditions of the BPS. Through this coordination, WECC identifies patterns and trends that will help build a stronger and more resilient system. Staff respond to events by providing coordination, assistance, and communication with the Reliability Coordinators, stakeholders, and NERC SAIS personnel. SAIS work also feeds into event analysis capabilities.

As part of the business planning and budgeting process, NERC and the Regional Entities ensure alignment with the ERO Enterprise Long-Term Strategy and harmonization of business processes and operations across the ERO Enterprise where appropriate. Deliverables in this program area support both the WECC and ERO Enterprise long-term strategies.

### 2022 Key Budget Assumptions

- Cybersecurity and physical security threats will continue to increase as the grid evolves. WECC will work with stakeholders and support the ERO Enterprise Security Initiative and E-ISAC to focus on security outreach and education.



- The SAFNR tool and other SAIS tools will be used to provide situation awareness capabilities.
- WECC will support NERC and FERC’s efforts for situation awareness of current system conditions.
- WECC will maximize sharing of reliability and security data, within agreed parameters, and insights from Events Analysis, including near-misses, to enhance understanding of reliability and security issues, promote operational excellence, promptly share best practices and lessons learned, and engage third-party experts to expand capabilities and resources applied to critical reliability and security issues.
- Technical stakeholder groups will support the development of lessons learned and recommendations from events and identified reliability and security risks.

### **2022 Goals and Deliverables**

- Monitor system events, collect information, and coordinate prompt distribution of updates on system events to industry stakeholders and NERC SAIS personnel.
- Work with NERC to monitor system data, weather, and technological developments to understand trends that affect reliability for the near- and long-term horizons.
- Participate in daily NERC SAIS calls to coordinate the communication of critical information.
- Support efforts and work to develop and enhance ways to improve the use of SAFNR and other tools to further support SAIS.
- Represent the Western Interconnection in reliability and security matters by participating in various NERC committees and industry forums.
- Participate, as appropriate, in periodic wide-area security exercises (e.g., GridEx, Monitoring and Situation Awareness Workshop, NERC Alerts).
- Promote rapid and appropriate sharing of situation awareness information to support critical infrastructure security.
- Enhance engagement with Western stakeholders to improve the coordination and sharing of security information.
- Work with stakeholders, government agencies, NERC, and the E-ISAC to ensure appropriate reliability and security event information is promptly disseminated to industry entities.

### **Resource Requirements/Explanation of Significant Changes**

#### *Personnel Expenses*

- Personnel Expenses increase by a net of \$24,000 primarily due to a budgeted 3% merit pool, continued refinement of labor float percentages, and the refinement of payroll tax and benefits rates.



*Meeting Expenses*

- No significant changes.

*Operating Expenses*

- No significant changes.

*Fixed Assets*

- No significant changes.

See Section B—Supplemental Financial Information for explanations of other variances between the 2021 and 2022 budgets.



## Situation Awareness and Infrastructure Security Program Funding Sources and Expenditures

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital 2021 Budget & Projection, and 2022 Budget					
SITUATION AWARENESS AND INFRASTRUCTURE SECURITY					
	2021 Budget	2021 Projection	Variance 2021 Budget v 2021 Projection Over(Under)	2022 Budget	Variance 2022 Budget v 2021 Budget Inc(Dec)
<b>Revenue</b>					
<b>Statutory Funding</b>					
WECC Assessments	\$ 418,151	\$ 418,151	\$ -	\$ 432,233	\$ 14,082
Penalties Released	65,678	65,678	-	95,848	30,170
<b>Total Statutory Funding</b>	<b>\$ 483,829</b>	<b>\$ 483,829</b>	<b>\$ -</b>	<b>\$ 528,081</b>	<b>\$ 44,252</b>
Membership Fees	-	-	-	-	-
Workshops & Miscellaneous	-	-	-	-	-
Interest	3,754	1,426	(2,328)	1,981	(1,773)
<b>Total Revenue (A)</b>	<b>\$ 487,583</b>	<b>\$ 485,255</b>	<b>\$ (2,328)</b>	<b>\$ 530,062</b>	<b>\$ 42,479</b>
<b>Expenses</b>					
<b>Personnel Expenses</b>					
Salaries	\$ 218,004	\$ 229,164	\$ 11,160	\$ 238,519	\$ 20,515
Payroll Taxes	16,347	17,089	742	16,482	135
Benefits	27,236	32,058	4,822	28,447	1,211
Retirement Costs	18,966	20,445	1,479	21,228	2,262
<b>Total Personnel Expenses</b>	<b>\$ 280,553</b>	<b>\$ 298,756</b>	<b>\$ 18,203</b>	<b>\$ 304,676</b>	<b>\$ 24,123</b>
<b>Meeting Expenses</b>					
Meetings & Conference Calls	-	-	-	-	-
Travel	-	-	-	7,120	7,120
<b>Total Meeting Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 7,120</b>	<b>\$ 7,120</b>
<b>Operating Expenses, excluding Depreciation</b>					
Consultants & Contracts	-	-	-	-	-
Office Rent	-	-	-	-	-
Office Costs	-	651	651	2,835	2,835
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
<b>Total Operating Expenses</b>	<b>\$ -</b>	<b>\$ 651</b>	<b>\$ 651</b>	<b>\$ 2,835</b>	<b>\$ 2,835</b>
<b>Total Direct Expenses</b>	<b>\$ 280,553</b>	<b>\$ 299,407</b>	<b>\$ 18,854</b>	<b>\$ 314,631</b>	<b>\$ 34,078</b>
<b>Indirect Expenses</b>	<b>\$ 196,410</b>	<b>\$ 186,318</b>	<b>\$ (10,092)</b>	<b>\$ 198,591</b>	<b>\$ 2,181</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Expenses (B)</b>	<b>\$ 476,963</b>	<b>\$ 485,725</b>	<b>\$ 8,762</b>	<b>\$ 513,222</b>	<b>\$ 36,259</b>
<b>Change in Net Assets (=A-B)</b>	<b>\$ 10,620</b>	<b>\$ (470)</b>	<b>\$ (11,090)</b>	<b>\$ 16,840</b>	<b>\$ 6,220</b>
<b>Fixed Assets, excluding Right of Use Assets (C)</b>	<b>\$ 1,849</b>	<b>\$ 4,659</b>	<b>\$ 2,810</b>	<b>\$ 2,025</b>	<b>\$ 176</b>
<b>TOTAL BUDGET (B+C)</b>	<b>\$ 478,812</b>	<b>\$ 490,384</b>	<b>\$ 11,572</b>	<b>\$ 515,247</b>	<b>\$ 36,435</b>
<b>TOTAL CHANGE IN WORKING CAPITAL (A-B-C)</b>	<b>\$ 8,771</b>	<b>\$ (5,129)</b>	<b>\$ (13,900)</b>	<b>\$ 14,815</b>	<b>\$ 6,044</b>
FTEs	2.0	2.0	-	2.0	-
HC	1.0	1.0	-	2.0	1.0



## Corporate Services

Corporate Services (in whole dollars) Direct Expenses and Fixed Assets						
	2021 Budget	2022 Budget	Increase (Decrease)	FTEs 2021 Budget	FTEs 2022 Budget	Increase (Decrease)
Committee and Member Forums	\$ 7,300	\$ 47,380	\$ 40,080	-	-	-
General and Administrative	\$ 5,857,427	\$ 5,429,771	\$ (427,656)	18.70	17.70	(1.00)
Legal and Regulatory	\$ 1,405,140	\$ 1,665,035	\$ 259,895	7.25	7.75	0.50
Information Technology	\$ 2,209,527	\$ 2,827,948	\$ 618,421	9.00	9.00	-
Human Resources	\$ 1,235,141	\$ 1,232,199	\$ (2,942)	4.00	4.00	-
Accounting and Finance	\$ 541,656	\$ 588,821	\$ 47,165	3.00	3.50	0.50
<b>Total Corporate Services*</b>	<b>\$ 11,256,191</b>	<b>\$ 11,791,155</b>	<b>\$ 534,964</b>	<b>41.95</b>	<b>41.95</b>	<b>-</b>

\*WECC's 2022 Corporate Services budget (expenses plus fixed assets) is \$11,791,155, of which \$702,152 is allocated to non-statutory activities. As a result of the allocation to the non-statutory function, the Corporate Services expenses included in the 2022 statutory budget are \$11,089,002, which is a \$526,720 increase from the 2021 budget.

### Program Scope and Functional Description

Corporate Services encompasses the following program areas and includes all business and administrative functions of the organization:

- Technical Committees and Member Forums;
- General and Administrative;
- Legal and Regulatory;
- Information Technology;
- Human Resources; and
- Finance and Accounting.

These functions are necessary for the existence and operation of the organization and support the performance of statutory activities. This area provides executive leadership; communications and external affairs; and administrative support for staff, committees, and members.

As part of the business planning and budgeting process, NERC and the Regional Entities ensure alignment with the ERO Enterprise Long-Term Strategy and harmonization of business processes and operations across the ERO Enterprise where appropriate. Deliverables in this program area support both the WECC and ERO Enterprise long-term strategies.

### Method for Allocation of Corporate Services Expenses to Programs

Corporate Services expenses are allocated to statutory and non-statutory program areas based on FTEs.



## Technical Committees and Member Forums

### Program Scope and Functional Description

The Standing Committees (OC, MIC, and RAC) and the JGC provide forums for members and other interested stakeholders to identify, assess, and mitigate reliability risks and operating concerns.

### 2022 Key Budget Assumptions

- The Standing Committees meet three times each year. The Standing Committees meet off site once every other year, in even years. In 2022, two meetings will be hosted in Salt Lake City and one will be hosted off site.
- The SETF recommendations are expected to be brought to the Board in June 2021 and may affect the technical committee structure in 2022. Due to timing, the 2022 budget does not include any budget assumptions related to potential changes. Any technical committee structure changes will be reflected in the 2023 Business Plan and Budget.

### 2022 Goals and Deliverables

- Support and coordinate the meeting logistics for the Standing Committees.

### Resource Requirements/Explanation of Significant Changes

#### *Personnel Expenses*

- No significant changes.

#### *Meeting Expenses*

- Meetings & Conference Calls increase by \$38,000 due to one Standing Committee meeting being held off-site.

#### *Operating Expenses*

- No significant changes.

#### *Fixed Assets*

- No significant changes.



## General and Administrative

### Program Scope and Functional Description

The G&A Program provides executive leadership; enterprise security; enterprise risk management; communications; and administrative support for staff, committees, and members; as well as logistics support for the office and meeting facilities. In addition, indirect costs like Office Rent that benefit multiple functional areas are accounted for in this program.

### 2022 Key Budget Assumptions

- WECC staff will provide the same level of meetings and meeting support as last year for the Board of Directors and Board Committees.
- The Board approved Lake Las Vegas, NV, as the location for the 2022 Annual Meeting.
- Board Directors will be compensated according to the 2022 Board compensation structure.
- The Vancouver office closed in 2021 and the lease was terminated due to an offer from an adjacent tenant.
- One position, vacant due to efficiencies gained, is redeployed to CMEP for a mitigation engineer with a focus on CIP standards.
- 0.5 FTE is transferred to Finance to assist with increased financial and administrative tasks.
- 0.5 FTE is transferred from Legal and Regulatory due to realignment of job responsibilities.

### 2022 Goals and Deliverables

- Provide strong executive leadership and strategic guidance for WECC's activities, and ensure WECC supports the ERO Enterprise Long-Term Strategy and meets the expectations of the Regional Delegation Agreement.
- Provide excellent support and logistics coordination for the Board and Board committees.
- Continue to enhance the meetings team and stakeholder services groups by identifying efficiencies and opportunities to increase effectiveness.
- Continue to enhance internal and external communications.
- Continue to improve WECC's security posture and programs.

### Resource Requirements/Explanation of Significant Changes

#### *Personnel Expenses*

- Personnel Expenses decrease by a net of \$269,000 primarily due to a net of one position transferred to CMEP, 0.5 FTE transferred to Finance, 0.5 FTE transferred from Legal and Regulatory, a budgeted 3% merit pool, continued refinement of labor float percentages, and the refinement of payroll tax and benefits rates.



*Meeting Expenses*

- Meetings & Conference Calls decrease by a net of \$14,000 primarily to align the Board meeting expense budget with historical spending.
- Travel decreases by a net of \$37,000 primarily due to a planned increase in virtual meetings and to align the budget with historical spending for in-person meetings.

*Operating Expenses*

- Consultants & Contracts decrease by a net of \$134,000 primarily due to the elimination of a Board Director search.
- Office Rent decreases by a net of \$65,000 primarily due to the closure of the Vancouver office in 2021 and termination of that lease.
- Office Costs increase by a net of \$10,000 primarily due to the replacement of aging office furniture.
- Professional Services increase by a net of \$83,000 primarily due to an increase in Board Director retainers.

*Fixed Assets*

- No significant changes.



## Legal and Regulatory

### Program Scope and Functional Description

The Legal and Regulatory Program provides coordinated legal services and subject matter expertise to the Board, committees, and staff, in addition to consistent legal interpretations of relevant statutes, regulations, court opinions, and regulatory decisions. On occasion, major efforts may be outsourced to select law firms, but the responsibility for all legal matters remains with the Legal and Regulatory Program. WECC's broad scope of activities requires significant legal support and review. Arranging for legal support is complicated by the technical nature of this developing area of law, and there are many potential areas of conflict prohibiting the use of law firms with energy practices.

The Legal and Regulatory program area also includes the External Affairs department, created in 2020. The External Affairs department, along with the Communications and Training and Outreach departments, form the Strategic Engagement group. The Strategic Engagement group is overseen by the Vice President of Strategic Engagement and Deputy General Counsel and focuses on increasing WECC's visibility, relevance, and effectiveness of engagement with stakeholders at all levels—such as, WECC members, industry, advisory bodies, NGOs, consumer advocates, regulators, policymakers, and legislators across the Western Interconnection. Strategic Engagement is also focused on the timely production and dissemination of high-quality analyses addressing reliability and security topics of interest and the importance to decision-makers throughout the Western Interconnection.

### 2022 Key Budget Assumptions

- The scope of current operations will be maintained.
- One external affairs position is added to Legal and Regulatory as WECC continues to expand stakeholder outreach and education efforts across the West.
- 0.5 FTE is transferred to G&A due to realignment of job responsibilities.
- An increase in virtual meetings will decrease travel expenses.

### 2022 Goals and Deliverables

- Provide efficient, cost-effective legal support to the Board, committees, and staff through a combination of in-house and outside resources.
- Advise staff on legal matters.
- Coordinate with the ERO Enterprise legal group to identify and share best practices.



- Bolster and expand External Affairs activities to:
  - Appropriately inform executive leadership about key national and Western policy and legislative initiatives;
  - Increase engagement with stakeholders across the West; and
  - Ensure analytical work products are shared in a targeted manner with appropriate audiences.

## **Resource Requirements/Explanation of Significant Changes**

### *Personnel Expenses*

- Personnel Expenses increase by a net of \$224,000 primarily due to a new external affairs position, 0.5 FTE transferred to G&A, a budgeted 3% merit pool, continued refinement of labor float percentages, changes in position levels, and the refinement of payroll tax and benefits rates.

### *Meeting Expenses*

- Travel increases by a net of \$28,000 primarily due to state and provincial outreach visits by the new Vice President of Strategic Engagement and Deputy General Counsel.

### *Operating Expenses*

- Office Costs increase by a net of \$10,000 primarily due to the PolicyStat software subscription, which was implemented in 2021 to increase the effectiveness of policy review, updates, and employee acknowledgements.

### *Fixed Assets*

- No significant changes.



## Information Technology

### Program Scope and Functional Description

The Information Technology (IT) Program provides systems and security support and expertise. This includes physical security and cybersecurity risk mitigation, as well as support for hardware, software, data, system administration, data center operations, email, and telephony. IT implements new technology solutions using staff and external service providers to improve the security, effectiveness, and efficiency of business processes and operations. IT provides resources and tools to enable the organization to meet evolving requirements in support of its mission and delegated responsibilities.

### 2022 Key Budget Assumptions

- WECC will increase security capabilities with more authentication controls and enhanced threat monitoring, detection, and reporting tools due to the ever-changing cybersecurity landscape.
- Consultants will be used for project-based work to augment staff skill sets instead of increasing headcount.
- IT will continue to drive long-term leveled costs by obtaining subscription services for software and infrastructure when practical.
- To retain vendor support and to reduce unplanned outages, desktop computer equipment will be replaced every four years, servers every five years, and network equipment every seven to 10 years.
- In support of the ERO Enterprise IT Strategy, IT will continue to work collaboratively to use knowledge across the ERO Enterprise, minimize duplication of effort and investments, and improve operational efficiency.
- Some of the Peak Reliability donation will be used for content management tools to improve data portals, collection, and management.

### 2022 Goals and Deliverables

- Upgrade and refresh wecc.org.
- Provide enterprise data management and reporting tools, enhanced telephony, and communication capabilities.
- Migrate customer relationship management software to the cloud.
- Create centralized databases, automated processes, and tools to organize a growing volume of electronic data.
- Enhance the capabilities and security controls for mobile devices and remote workers.
- Continuously improve WECC's security program and posture due to the critical nature of some of WECC's data and evolving cybersecurity risks.



**Resource Requirements/Explanation of Significant Changes***Personnel Expenses*

- Personnel Expenses increase by a net of \$48,000 primarily due to a budgeted 3% merit pool, changes in position levels, continued refinement of labor float percentages, and the refinement of payroll tax and benefits rates.

*Meeting Expenses*

- No significant changes.

*Operating Expenses*

- Consultants & Contracts increase by a net of \$276,000 primarily due to data submission and portal projects, to be funded with the Peak Reliability donation.
- Office Costs increase by a net of \$277,000 primarily due to increased subscription-based computer licensing and new enterprise security tools.

*Fixed Assets*

- Computer & Software CapEx increases by a net of \$50,000 primarily due to refreshes of storage drives and blade servers.



## Human Resources

### Program Scope and Functional Description

The Human Resources (HR) Program is responsible for the delivery of all HR functions, including recruitment, staffing, compensation, benefits, safety, health and wellness, employee relations, career and performance development, succession planning, knowledge transfer, and leadership and employee training. HR maintains and supports employee-related systems and ensures compliance with all federal and state requirements.

### 2022 Key Budget Assumptions

- Total WECC headcount increases by four FTEs in 2022.
- WECC's current benefit levels are maintained with minimal premium increases.
- Employee skills gaps are minimized through targeted training, development, and hiring practices.
- Targeted recruiting services will be provided to hiring managers to attract and retain high-quality talent.
- Employee engagement and leadership development will continue to be prioritized.

### 2022 Goals and Deliverables

- Increase the effectiveness of performance management processes through manager training and development.
- Conduct harassment prevention and diversity and inclusion training for all employees and managers.
- Enhance the scope of succession planning and knowledge transfer, which are vital to maintaining a highly skilled, qualified, and diverse workforce.
- Deliver an attractive benefits package to retain current employees and attract potential employees.
- Manage benefits package costs and minimize premium increases.
- Expand recruiting efforts through college campus outreach, social media platforms, and employee referral programs.
- Offer one technical writing course.
- Develop learning plans for employee training using computer-based training modules and classroom training in the NERC Learning Management System.



**Resource Requirements/Explanation of Significant Changes***Personnel Expenses*

- Personnel Expenses decrease by a net of \$11,000 primarily due to adjusted health reimbursement account assumptions, a budgeted 3% merit pool, continued refinement of labor float percentages, and the refinement of payroll tax and benefits enrollment rates.

*Meeting Expenses*

- No significant changes.

*Operating Expenses*

- Consultants & Contracts increase by a net of \$16,000 primarily due to an employee engagement survey.
- Office Costs decrease by \$13,000 primarily to align recruiting costs with current recruiting efforts.

*Fixed Assets*

- No significant changes.



## Finance and Accounting

### Program Scope and Functional Description

The Finance and Accounting Program provides accounting and financial analysis support. The program is responsible for payroll, accounts payable, accounts receivable, budgeting, fixed assets management, banking, cash management, tax filings, and financial reporting.

### 2022 Key Budget Assumptions

- Interest rates remain flat.
- 0.5 FTE is transferred from G&A to assist with financial and administrative tasks.

### 2022 Goals and Deliverables

- Help departments efficiently and effectively manage resources and operate within approved budgets.
- Identify and implement efficiencies in financial processes.
- Ensure WECC has effective financial controls.
- Provide quality reporting and financial analysis to managers, the FAC, and the Board.
- Maintain secure and reliable cloud-based software.

### Resource Requirements/Explanation of Significant Changes

#### *Personnel Expenses*

- Personnel Expenses increase by a net of \$48,000 primarily due to a 0.5 FTE transferred from G&A, a budgeted 3% merit pool, continued refinement of labor float percentages, and the refinement of payroll tax and benefits rates.

#### *Meeting Expenses*

- No significant changes.

#### *Operating Expenses*

- No significant changes.

#### *Fixed Assets*

- No significant changes.



## Corporate Services Funding Sources and Expenditures

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital 2021 Budget & Projection, and 2022 Budget					
CORPORATE SERVICES					
	2021 Budget	2021 Projection	Variance 2021 Budget v 2021 Projection Over(Under)	2022 Budget	Variance 2022 Budget v 2021 Budget Inc(Dec)
<b>Revenue</b>					
<b>Statutory Funding</b>					
WECC Assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Penalties Released	-	-	-	-	-
<b>Total Statutory Funding</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Membership Fees	\$ -	\$ -	\$ -	\$ -	\$ -
Workshops & Miscellaneous	-	-	-	-	-
Interest	-	-	-	-	-
<b>Total Revenue (A)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Expenses</b>					
<b>Personnel Expenses</b>					
Salaries	\$ 5,006,363	\$ 4,820,703	\$ (185,660)	\$ 4,949,493	\$ (56,870)
Payroll Taxes	288,761	279,424	(9,337)	311,823	23,062
Benefits	1,004,303	995,169	(9,134)	1,037,438	33,135
Retirement Costs	425,027	365,275	(59,752)	466,470	41,443
<b>Total Personnel Expenses</b>	<b>\$ 6,724,454</b>	<b>\$ 6,460,571</b>	<b>\$ (263,883)</b>	<b>\$ 6,765,224</b>	<b>\$ 40,770</b>
<b>Meeting Expenses</b>					
Meetings & Conference Calls	\$ 125,650	\$ 97,784	\$ (27,866)	\$ 151,422	\$ 25,772
Travel	252,804	99,635	(153,169)	239,422	(13,382)
<b>Total Meeting Expenses</b>	<b>\$ 378,454</b>	<b>\$ 197,419</b>	<b>\$ (181,035)</b>	<b>\$ 390,844</b>	<b>\$ 12,390</b>
<b>Operating Expenses, excluding Depreciation</b>					
Consultants & Contracts	\$ 638,500	\$ 581,355	\$ (57,145)	\$ 796,500	\$ 158,000
Office Rent	1,372,346	1,343,760	(28,586)	1,306,912	(65,434)
Office Costs	1,081,637	1,242,180	160,543	1,367,675	286,038
Professional Services	955,800	1,032,419	76,619	1,045,000	89,200
Miscellaneous	-	-	-	-	-
<b>Total Operating Expenses</b>	<b>\$ 4,048,283</b>	<b>\$ 4,199,714</b>	<b>\$ 151,431</b>	<b>\$ 4,516,087</b>	<b>\$ 467,804</b>
<b>Total Direct Expenses</b>	<b>\$ 11,151,191</b>	<b>\$ 10,857,704</b>	<b>\$ (293,487)</b>	<b>\$ 11,672,155</b>	<b>\$ 520,964</b>
<b>Indirect Expenses</b>	<b>\$ (11,151,191)</b>	<b>\$ (10,857,704)</b>	<b>\$ 293,487</b>	<b>\$ (11,672,155)</b>	<b>\$ (520,964)</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Expenses (B)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Change in Net Assets (=A-B)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Fixed Assets, excluding Right of Use Assets (C)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>TOTAL BUDGET (B+C)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>TOTAL CHANGE IN WORKING CAPITAL (A-B-C)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
FTEs	42.0	40.5	(1.5)	42.0	-
HC	43.0	42.0	(1.0)	43.0	-





## **Section B**

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### **Supplemental Financial Information**

## Section B—Supplemental Financial Information

### Reserve Analysis

Table B-1

Working Capital Reserve Analysis 2021-2022				
STATUTORY				
	Total	Working Capital Reserve	Unreleased Penalties	Peak Reliability Donation
<b>Beginning Reserve, January 1, 2021</b>	\$ 18,303,226	\$ 8,133,832	\$ 6,342,000	\$ 3,827,394
Plus: 2021 Funding (from Load-Serving Entities (LSE) or designees)	25,000,000	25,000,000	-	-
Plus: Penalties released	-	3,499,000	(3,499,000)	-
Plus: Penalties received	2,455,000	-	2,455,000	-
Plus: 2021 Other funding sources	300,500	300,500	-	-
Less: 2021 Projected expenses & capital expenditures	(28,522,910)	(28,522,910)	-	-
<b>Projected Reserve (Deficit), December 31, 2021</b>	<b>\$ 17,535,816</b>	<b>\$ 8,410,422</b>	<b>\$ 5,298,000</b>	<b>\$ 3,827,394</b>
Plus: 2022 Funding (from Load-Serving Entities (LSE) or designees)	25,000,000	25,000,000	-	-
Plus: Penalties released	-	5,298,000	(5,298,000)	-
Plus: 2022 Other funding sources	304,201	304,201	-	-
Less: 2022 Projected expenses & capital expenditures	(29,746,899)	(29,346,899)	-	(400,000)
<b>2022 Increase(Decrease) in Reserve</b>	<b>\$ (4,442,698)</b>	<b>\$ 1,255,302</b>	<b>\$ (5,298,000)</b>	<b>\$ (400,000)</b>
<b>Projected Reserve, December 31, 2022</b>	<b>\$ 13,093,118</b>	<b>\$ 9,665,724</b>	<b>\$ -</b>	<b>\$ 3,427,394</b>
2022 Expenses and Capital Expenditures	\$ 29,746,899			
Less: Penalties Released	(5,298,000)			
Less: Other Funding Sources	(304,201)			
Change to Working Capital & Peak Reliability Donation Reserves	855,302			
<b>2022 WECC Assessment</b>	<b>\$ 25,000,000</b>			

WECC's Board has approved a Working Capital Reserve balance equal to one to three months of Personnel, Meeting, and Operating Expenses per its Reserve Policy, approved by the FAC on June 16, 2020.



## Breakdown of Statement of Activities

The following detailed schedules are in support of the Statutory Statement of Activities and Capital Expenditures on page 12.

### Monetary Penalties

As documented in the NERC Policy *Accounting, Financial Statement and Budgetary Treatment of Penalties Imposed and Received for Violations of Reliability Standards*, penalty monies received on or before June 30, 2021, will be used to offset assessments in the 2022 WECC budget.

All penalty monies received on or before June 30, 2021, are listed in [Table B-2](#), including the amount and the date received.

**Allocation Method:** Penalty monies received have been allocated to the following Statutory Programs to reduce assessments:

- Reliability Standards;
- Compliance Monitoring and Enforcement and Organization Registration and Certification;
- Reliability Assessment and Performance Analysis;
- Training and Outreach; and
- Situation Awareness and Infrastructure Security.

Penalty monies are allocated based on the number of FTEs in the functional areas divided by the aggregate total FTEs in the programs receiving the allocation.



**Penalty Sanctions**

**Table B-2**

Penalty Information				Recognized in Financial Statements (Year)		
Date Invoiced	Amount Invoiced	Date Received	Amount Received	2019	2020	2021
10/1/2019	2,180,000	8/27/2020	2,180,000	2,180,000		
7/2/2020	112,000	8/6/2020	112,000		112,000	
1/21/2021	450,000	2/19/2021	450,000		450,000	
1/21/2021	53,000	2/23/2021	53,000		53,000	
1/21/2021	22,000	2/24/2021	22,000		22,000	
1/21/2021	26,000	3/18/2021	26,000		26,000	
4/19/2021	205,000	5/19/2021	205,000			205,000
6/7/2021	50,000	6/24/2021	50,000			50,000
6/30/2021	2,200,000	6/30/2021	2,200,000			2,200,000
	<u>5,298,000</u>		<u>5,298,000</u>	<u>2,180,000</u>	<u>663,000</u>	<u>2,455,000</u>
<b>Total Penalties Received between July 1, 2020 and June 30, 2021 to offset 2022 Assessments</b>			<u><b>5,298,000</b></u>			



**Supplemental Funding**

**Table B-3**

Supplemental Revenue Breakdown By Program (Excludes Assessments & Penalty Sanctions)		Budget 2021	Projection 2021	Budget 2022	Variance 2021 Budget v 2022 Budget
<b>Reliability Standards</b>					
Interest		\$ 5,631	\$ 2,139	\$ 2,972	\$ (2,659)
	<b>Total</b>	\$ 5,631	\$ 2,139	\$ 2,972	\$ (2,659)
<b>Compliance Monitoring, Enforcement &amp; Org. Registration</b>					
Interest		\$ 117,785	\$ 46,874	\$ 67,107	\$ (50,678)
	<b>Total</b>	\$ 117,785	\$ 46,874	\$ 67,107	\$ (50,678)
<b>Reliability Assessment and Performance Analysis</b>					
Interest		\$ 70,014	\$ 26,592	\$ 35,460	\$ (34,554)
	<b>Total</b>	\$ 70,014	\$ 26,592	\$ 35,460	\$ (34,554)
<b>Training and Outreach</b>					
Workshops & Miscellaneous		\$ 430,000	\$ 222,400	\$ 194,700	\$ (235,300)
Interest		2,816	1,069	1,981	(835)
	<b>Total</b>	\$ 432,816	\$ 223,469	\$ 196,681	\$ (236,135)
<b>Situation Awareness and Infrastructure Security</b>					
Interest		\$ 3,754	\$ 1,426	\$ 1,981	\$ (1,773)
	<b>Total</b>	\$ 3,754	\$ 1,426	\$ 1,981	\$ (1,773)
<b>Corporate Services</b>					
Interest		\$ -	\$ -	\$ -	\$ -
	<b>Total</b>	\$ -	\$ -	\$ -	\$ -
	<b>Total Supplemental Funding</b>	\$ 630,000	\$ 300,500	\$ 304,201	\$ (325,799)

**Explanation of Significant Variances—2022 Budget versus 2021 Budget**

WECC anticipates its investments will earn interest of approximately \$110,000 in 2022. This revenue is allocated to the Statutory Programs based on FTEs.

**Reliability Standards**

- No significant changes.

**Compliance Monitoring and Enforcement and Organization Registration and Certification**

- No significant changes.

**Reliability Assessment and Performance Analysis**

- No significant changes.



### **Training and Outreach**

- Workshops & Miscellaneous decreases by a net of \$235,000 primarily due to the conversion of one Reliability and Security Workshop to a virtual format.

### **Situation Awareness and Infrastructure Security**

- No significant changes.

### **Corporate Services**

- No significant changes.



## Personnel Expenses

**Table B-4**

Personnel Expenses	Budget 2021		Projection 2021		Budget 2022		Variance 2021 Budget v 2022 Budget		Variance %
<b>Salaries</b>									
Salaries	\$	17,424,448	\$	18,054,768	\$	18,388,644	\$	964,196	5.5%
Employment Agency Fees		23,000		11,500		23,000		-	100.0%
Temporary Office Services		-		-		-		-	
<b>Total Salaries</b>	\$	17,447,448	\$	18,066,268	\$	18,411,644	\$	964,196	5.5%
<b>Total Payroll Taxes</b>	\$	1,144,116	\$	1,238,873	\$	1,217,683	\$	73,567	6.4%
<b>Benefits</b>									
Workers Compensation	\$	17,904	\$	13,896	\$	16,000	\$	(1,904)	(10.6%)
Medical Insurance		2,072,704		2,129,705		2,298,657		225,953	10.9%
Life-LTD-STD Insurance		105,761		83,675		98,165		(7,596)	(7.2%)
Education		172,439		179,452		173,249		810	0.5%
Relocation		-		-		-		-	
Other		22,145		21,405		19,500		(2,645)	(11.9%)
<b>Total Benefits</b>	\$	2,390,953	\$	2,428,133	\$	2,605,571	\$	214,618	9.0%
<b>Retirement</b>									
Discretionary 401(k) Contribution	\$	1,499,399	\$	1,533,345	\$	1,633,608	\$	134,209	9.0%
Retirement Administration Fees		-		1,000		30,000		30,000	100.0%
<b>Total Retirement</b>	\$	1,499,399	\$	1,534,345	\$	1,663,608	\$	164,209	11.0%
<b>Total Personnel Costs</b>	\$	22,481,916	\$	23,267,619	\$	23,898,506	\$	1,416,590	6.3%
<b>FTEs</b>		148.5		148.5		152.5		4.0	2.7%
<b>Cost per FTE</b>									
Salaries	\$	117,491	\$	121,658	\$	120,732	\$	3,241	2.8%
Payroll Taxes		7,704		8,343		7,985		280	3.6%
Benefits		16,101		16,351		17,086		985	6.1%
Retirement		10,097		10,332		10,909		812	8.0%
<b>Total Cost per FTE</b>	\$	151,393	\$	156,684	\$	156,712	\$	5,318	3.5%

### Explanation of Significant Variances—2022 Budget versus 2021 Budget

#### Salaries

- Salaries increase by a net of \$964,000 primarily due to 4.0 additional FTEs, a budgeted 3% merit pool, continued refinement of labor float percentages, and changes in position levels.

#### Payroll Taxes

- Payroll Taxes increase by a net of \$74,000 primarily due to increases in salaries.



**Benefits**

- Medical Insurance increases by a net of \$226,000 primarily due to additional FTEs and changes in participation levels.

**Retirement**

- Discretionary 401(k) Contribution increases by a net of \$134,000 primarily due to increases in salaries.
- Retirement Administration Fees increase by \$30,000 due to the exhaustion of the 401(k) plan's forfeiture account, which was historically used to cover administration fees.



## Meeting Expenses

**Table B-5**

Meeting & Conference Call Expense	Budget 2021	Projection 2021	Budget 2022	Variance 2021 Budget v 2022 Budget	Variance %
Reliability Standards	\$ -	\$ -	\$ -	\$ -	
Compliance Monitoring and Enforcement and Organization Registration and Certification	3,380	1,100	-	(3,380)	(100.0%)
Reliability Assessment and Performance Analysis	45,180	13,955	29,476	(15,704)	(34.8%)
Training and Outreach	410,980	206,740	277,146	(133,834)	(32.6%)
Situation Awareness and Infrastructure Security	-	-	-	-	
Corporate Services	125,650	97,784	151,422	25,772	20.5%
<b>Total Meeting Expenses</b>	<b>\$ 585,190</b>	<b>\$ 319,579</b>	<b>\$ 458,044</b>	<b>\$ (127,146)</b>	<b>(21.7%)</b>

Travel Expense	Budget 2021	Projection 2021	Budget 2022	Variance 2021 Budget v 2022 Budget	Variance %
Reliability Standards	\$ 17,550	\$ 3,921	\$ 13,065	\$ (4,485)	(25.6%)
Compliance Monitoring and Enforcement and Organization Registration and Certification	654,743	32,640	357,990	(296,753)	(45.3%)
Reliability Assessment and Performance Analysis	210,070	56,810	148,062	(62,008)	(29.5%)
Training and Outreach	11,720	8,900	6,995	(4,725)	(40.3%)
Situation Awareness and Infrastructure Security	-	-	7,120	7,120	100.0%
Corporate Services	252,804	99,635	239,422	(13,382)	(5.3%)
<b>Total Travel Expenses</b>	<b>\$ 1,146,887</b>	<b>\$ 201,906</b>	<b>\$ 772,654</b>	<b>\$ (374,233)</b>	<b>(32.6%)</b>

## Explanation of Significant Variances—2022 Budget versus 2021 Budget

### Meeting & Conference Call Expense

- Reliability Assessment and Performance Analysis decreases by \$16,000 primarily due to planned increases in virtual meetings.
- Training and Outreach decreases by \$134,000 primarily due to the conversion of one Reliability and Security Workshop to a virtual format.
- Corporate Services increases by a net of \$26,000 primarily due to one set of Standing Committee meetings being held off site.

### Travel Expense

- CMEP decreases by a net of \$297,000 primarily due to planned reductions in travel requirements for audit teams and support staff and a planned increase in virtual meetings.
- RAPA decreases by a net of \$62,000 primarily due to a planned increase in virtual meetings.



## Section B—Supplemental Financial Information

- Corporate Services decreases by a net of \$13,000 primarily due to one set of Standing Committee meetings being off-site, a planned increase in virtual meetings, and to align the budget with historical spending.



**Consultants and Contracts**

**Table B-6**

Consultants	Budget 2021	Projection 2021	Budget 2022	Variance 2021 Budget v 2022 Budget	Variance %
<b>Consultants</b>					
Reliability Standards	\$ -	\$ -	\$ -	\$ -	
Compliance Monitoring and Enforcement and Organization Registration and Certification	-	42,000	-	-	
Reliability Assessment and Performance Analysis	350,000	285,663	208,100	(141,900)	(40.5%)
Training and Outreach	-	-	-	-	
Situation Awareness and Infrastructure Security	-	-	-	-	
Corporate Services	638,500	578,267	796,500	158,000	24.7%
<b>Consultants Total</b>	<b>\$ 988,500</b>	<b>\$ 905,930</b>	<b>\$ 1,004,600</b>	<b>\$ 16,100</b>	<b>1.6%</b>

Contracts	Budget 2021	Projection 2021	Budget 2022	Variance 2021 Budget v 2022 Budget	Variance %
<b>Contracts</b>					
Reliability Standards	\$ -	\$ -	\$ -	\$ -	
Compliance Monitoring and Enforcement and Organization Registration and Certification	-	-	-	-	
Reliability Assessment and Performance Analysis	-	-	-	-	
Training and Outreach	-	-	-	-	
Situation Awareness and Infrastructure Security	-	-	-	-	
Corporate Services	-	3,088	-	-	
<b>Contracts Total</b>	<b>\$ -</b>	<b>\$ 3,088</b>	<b>\$ -</b>	<b>\$ -</b>	
<b>Total Consulting and Contracts</b>	<b>\$ 988,500</b>	<b>\$ 909,018</b>	<b>\$ 1,004,600</b>	<b>\$ 16,100</b>	<b>1.6%</b>

**Explanation of Significant Variances—2022 Budget versus 2021 Budget**

**Consultants**

- RAPA decreases by a net of \$142,000 primarily due to the completion of one-time 2021 study work and the addition of MAVRIC probabilistic tool updates.
- Corporate Services increases by a net of \$158,000 primarily due to the addition of content management tools to enhance data portals, collection, and management to be funded with the Peak Reliability donation.

**Contracts**

- No significant changes.



**Office Rent**

**Table B-7**

Office Rent	Budget 2021	Projection 2021	Budget 2022	Variance 2021 Budget v 2022 Budget	Variance %
Office Rent	\$ 1,352,640	\$ 1,329,070	\$ 1,293,336	\$ (59,304)	(4.4%)
Utilities	-	-	-	-	
Maintenance	19,706	14,690	13,576	(6,130)	(31.1%)
Security	-	-	-	-	
<b>Total Office Rent</b>	<b>\$ 1,372,346</b>	<b>\$ 1,343,760</b>	<b>\$ 1,306,912</b>	<b>\$ (65,434)</b>	<b>(4.8%)</b>

**Explanation of Significant Variances—2022 Budget versus 2021 Budget**

- Office Rent decreases by \$59,000 due to the closure of the Vancouver office in 2021 and the resulting lease termination.

## Office Costs

Table B-8

Office Costs	Budget 2021	Projection 2021	Budget 2022	Variance	
				2021 Budget v 2022 Budget	Variance %
Telephone	\$ 80,200	\$ 75,674	\$ 91,100	\$ 10,900	13.6%
Internet	69,198	77,651	82,992	13,794	19.9%
Office Supplies	91,036	72,046	75,613	(15,423)	(16.9%)
Computer Supplies and Maintenance	951,395	1,171,948	1,092,854	141,459	14.9%
Publications & Subscriptions	55,589	77,201	61,314	5,725	10.3%
Dues and Fees	282,905	230,234	312,699	29,794	10.5%
Postage	1,500	1,047	1,500	-	0.0%
Express Shipping	6,725	6,728	5,722	(1,003)	(14.9%)
Copying	19,826	13,587	18,316	(1,510)	(7.6%)
Bank Charges	55,725	53,200	51,225	(4,500)	(8.1%)
Taxes	49,200	56,281	51,000	1,800	3.7%
<b>Total Office Costs</b>	<b>\$ 1,663,299</b>	<b>\$ 1,835,597</b>	<b>\$ 1,844,335</b>	<b>\$ 181,036</b>	<b>10.9%</b>

## Explanation of Significant Variances—2022 Budget versus 2021 Budget

- Telephone increases by a net of \$11,000 primarily due to the realignment of budgeted amounts with current line usage and activity.
- Internet increases by \$14,000 primarily due to increased bandwidth requirements for cloud-based applications and remote access to WECC's systems.
- Office Supplies decrease by \$15,000 primarily due to the realignment of budgeted office expenses with historical spending and the elimination of the Vancouver copier lease due to the office closure.
- Computer Supplies and Maintenance increases by a net of \$141,000 primarily due to the increase in subscription-based security tools and software and a reduction in webCDMS licensing fees due to the implementation of the Align tool.
- Dues and Fees increase by \$30,000 primarily due to increased enterprise security costs and internal and external network penetration tests.

**Professional Services**

**Table B-9**

Professional Services	Budget 2021	Projection 2021	Budget 2022	Variance 2021 Budget v 2022 Budget	Variance %
Board Director Fees	\$ 828,000	\$ 884,000	\$ 911,000	\$ 83,000	10.0%
Outside Legal	-	25,405	-	-	
Accounting & Auditing Fees	32,800	31,500	41,000	8,200	25.0%
Insurance Commercial	95,000	101,427	93,000	(2,000)	(2.1%)
<b>Total Services</b>	<b>\$ 955,800</b>	<b>\$ 1,042,332</b>	<b>\$ 1,045,000</b>	<b>\$ 89,200</b>	<b>9.3%</b>

**Explanation of Significant Variances—2022 Budget versus 2021 Budget**

- Board Director Fees increase by a net of \$83,000 primarily due to increases in Board Director retainers.



**Miscellaneous Expenses**

**Table B-10**

Miscellaneous Expenses	Budget 2021	Projection 2021	Budget 2022	Variance 2021 Budget v 2022 Budget	Variance %
Miscellaneous	\$ -	\$ -	\$ -	\$ -	
<b>Total Miscellaneous Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	

**Explanation of Significant Variances—2022 Budget versus 2021 Budget**

- Not applicable.

**Other Non-Operating**

**Table B-11**

Other Non-Operating Expenses	Budget 2021	Projection 2021	Budget 2022	Variance 2021 Budget v 2022 Budget	Variance %
Interest Expense	\$ -	\$ -	\$ -	\$ -	-
Line of Credit Payment	-	-	-	-	-
Office Relocation	-	-	-	-	-
<b>Total Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>

**Explanation of Significant Variances—2022 Budget versus 2021 Budget**

- Not applicable.



**Fixed Assets****Table B-12**

Fixed Assets	Budget 2021	Projection 2021	Budget 2022	Variance	
				2021 Budget v 2022 Budget	Variance %
Computer & Software CapEx	\$ 55,000	\$ -	\$ -	\$ (55,000)	(100.0%)
Furniture & Fixtures CapEx	-	-	-	-	
Equipment CapEx	50,000	115,588	119,000	69,000	138.0%
Leasehold Improvements	-	139,625	-	-	
	<b>\$ 105,000</b>	<b>\$ 255,213</b>	<b>\$ 119,000</b>	<b>\$ 14,000</b>	<b>13.3%</b>

**Explanation of Significant Variances—2022 Budget versus 2021 Budget**

- Computer & Software CapEx decreases by a net of \$55,000 primarily due to completed planned 2021 equipment refreshes.
- Equipment CapEx increases by a net of \$69,000 primarily due to refreshes of storage arrays, drives, and blade servers.



# Section C

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**Non-Statutory Program**

## Section C—Non-Statutory Program

<b>Western Renewable Energy Generation Information System</b> (in whole dollars)			
	2021 Budget	2022 Budget	Increase (Decrease)
Total FTEs	7.0	7.0	-
Direct Expenses	\$ 1,334,685	\$ 1,359,383	\$ 24,698
Indirect Expenses	\$ 687,436	\$ 695,066	\$ 7,630
Inc(Dec) in Fixed Assets	\$ 6,473	\$ 682,086	\$ 675,613
Total Funding Requirement	\$ 599,238	\$ (437,693)	\$ (1,036,931)

### WREGIS

The Western Renewable Energy Generation Information System (WREGIS) is an independent, renewable energy database for the Western Interconnection. WREGIS creates renewable energy certificates (REC) for verifiable renewable generation from units that are registered in the database.

WREGIS was developed by the Western Governors' Association, the Western Regional Air Partnership, and the California Energy Commission (CEC). This development was further guided by stakeholder input from more than 400 participants for more than three years.

The program was integrated into WECC on March 31, 2012, following the expiration of the contract between WECC and the CEC that provided for backstop funding. WREGIS is advised by two committees: 1) the Stakeholder Advisory Committee, which is open to all interested participants, and 2) the WREGIS Committee, which is open to members and various stakeholder groups.

WREGIS costs fall outside Section 215 of the Federal Power Act. Participants fund WREGIS through registration and transaction fees. To avoid any crossover of Section 215 dollars, a portion of WECC's overhead costs are allocated to the program based on a formula implemented following a FERC audit.

WREGIS consists of two parts: 1) the information system software, and 2) administrative operations. Staff coordinates with the software contractor and performs all the administrative tasks, including:

- Registering account holders and generation units;
- Training users;
- Providing customer service and help desk services;
- Supporting participating programs by facilitating cooperation and research into ongoing issues and sharing documentation with participants;
- Auditing generation and other data; and
- Managing the budgeting, billing, and financial reporting.



## 2022 Key Budget Assumptions

WREGIS is funded entirely by user fees and is not subsidized by Section 215 funding. There are several types of user fees. Annual fees are paid by all users and are based on size (generation capacity) and user type. Usage fees are paid by all but micro, small, and medium generation owners. WREGIS also charges ad hoc reporting fees.

- User fees are based on size (generation capacity) and user type.
  - Approximately 4% of revenues are based on annual fees.
  - Approximately 92% of revenues are based on usage fees, which can depend on factors like weather (wind and solar generation levels) and state regulatory policies (retirement, transfers, etc.).
  - Approximately 4% of revenues are attributable to fees for specific, requested functions like tracking e-Tags.
- Revenues can vary greatly from year to year; therefore, large WREGIS reserves are held to allow for normal operations during years in which fee levels are low and to fund large, non-recurring expenditures like major software upgrades.
- The software will undergo a major upgrade to improve functionality and performance of the WREGIS software.
- Account holder training sessions will be changed to a virtual format.

## 2022 Goals and Key Deliverables

- Maintain compliance with the participating state and provincial programs, and voluntary programs.
- Register program participants.
- Perform a major upgrade to the WREGIS software.
- Refine and improve data collection to ensure high-quality data.
- Perform six tabletop account holder audits split between Qualified Reporting Entities and Small Scale Aggregate customers.
- Deliver two virtual account holder training series and one virtual Qualified Reporting Entity training session.

## Resource Requirements/Explanation of Significant Changes

### Funding Sources

- Membership Fees decrease by a net of \$278,000 primarily due to an anticipated increase in program participation and the alignment of the budget with historical activity-based revenues.
- Interest decreases by \$51,000 primarily due to low rates of return on investments.



### **Personnel Expenses**

- Personnel Expenses increase by a net of \$18,000 primarily due to a budgeted 3% merit pool, continued refinement of labor float percentages, and the refinement of payroll tax and benefits rates.

### **Meeting Expenses**

- No significant changes.

### **Operating Expenses**

- Office Costs increase by \$17,000 primarily due to increased maintenance expenses for the WREGIS software.

### **Indirect Expenses**

- Indirect Expenses increase by a net of \$9,000 primarily due to an increase in Corporate Services expenses. Corporate Services expenses are allocated to statutory and non-statutory program areas based on FTEs.

### **Fixed Assets**

- Fixed Assets increase by a net of \$676,000 primarily due to a major software upgrade to the WREGIS software and fixed asset additions in Corporate Services. Corporate Services expenses are allocated to statutory and non-statutory program areas based on FTEs.

### **Other Non-Operating Expenses**

- No significant changes.



## WREGIS Program Funding Sources and Expenditures

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital					
2021 Budget & Projection, and 2022 Budget					
NON-STATUTORY					
	2021 Budget	2021 Projection	Variance 2021 Budget v 2021 Projection Over(Under)	2022 Budget	Variance 2022 Budget v 2021 Budget Inc(Dec)
<b>Revenue</b>					
<b>Statutory Funding</b>					
WECC Assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Penalties Released	-	-	-	-	-
<b>Total Statutory Funding</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Membership Fees	\$ 2,505,324	\$ 2,537,231	\$ 31,907	2,226,842	\$ (278,482)
Workshops & Miscellaneous	-	-	-	-	-
Interest	122,508	13,049	(109,459)	72,000	(50,508)
<b>Total Revenue (A)</b>	<b>\$ 2,627,832</b>	<b>\$ 2,550,280</b>	<b>\$ (77,552)</b>	<b>\$ 2,298,842</b>	<b>\$ (328,990)</b>
<b>Expenses</b>					
<b>Personnel Expenses</b>					
Salaries	\$ 565,316	\$ 577,501	\$ 12,185	\$ 575,261	\$ 9,945
Payroll Taxes	39,506	39,671	165	38,580	(926)
Benefits	87,467	82,319	(5,148)	94,874	7,407
Retirement Costs	49,109	49,889	780	51,123	2,014
<b>Total Personnel Expenses</b>	<b>\$ 741,398</b>	<b>\$ 749,380</b>	<b>\$ 7,982</b>	<b>\$ 759,838</b>	<b>\$ 18,440</b>
<b>Meeting Expenses</b>					
Meetings & Conference Calls	\$ 4,620	\$ 2,310	\$ (2,310)	\$ 1,485	\$ (3,135)
Travel	17,160	880	(16,280)	9,975	(7,185)
<b>Total Meeting Expenses</b>	<b>\$ 21,780</b>	<b>\$ 3,190</b>	<b>\$ (18,590)</b>	<b>\$ 11,460</b>	<b>\$ (10,320)</b>
<b>Operating Expenses, excluding Depreciation</b>					
Consultants & Contracts	\$ -	\$ 1,350	\$ 1,350	\$ -	\$ -
Office Rent	-	-	-	-	-
Office Costs	571,507	558,923	(12,584)	588,085	16,578
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
<b>Total Operating Expenses</b>	<b>\$ 571,507</b>	<b>\$ 560,273</b>	<b>\$ (11,234)</b>	<b>\$ 588,085</b>	<b>\$ 16,578</b>
<b>Total Direct Expenses</b>	<b>\$ 1,334,685</b>	<b>\$ 1,312,843</b>	<b>\$ (21,842)</b>	<b>\$ 1,359,383</b>	<b>\$ 24,698</b>
<b>Indirect Expenses</b>	<b>\$ 687,436</b>	<b>\$ 652,113</b>	<b>\$ (35,323)</b>	<b>\$ 695,066</b>	<b>\$ 7,630</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Expenses (B)</b>	<b>\$ 2,022,121</b>	<b>\$ 1,964,956</b>	<b>\$ (57,165)</b>	<b>\$ 2,054,449</b>	<b>\$ 32,328</b>
<b>Change in Net Assets (=A-B)</b>	<b>\$ 605,711</b>	<b>\$ 585,324</b>	<b>\$ (20,387)</b>	<b>\$ 244,393</b>	<b>\$ (361,318)</b>
<b>Fixed Assets, excluding Right of Use Assets (C)</b>	<b>\$ 6,473</b>	<b>\$ 16,308</b>	<b>\$ 9,835</b>	<b>\$ 682,086</b>	<b>\$ 675,613</b>
<b>TOTAL BUDGET (=B+C)</b>	<b>\$ 2,028,594</b>	<b>\$ 1,981,264</b>	<b>\$ (47,330)</b>	<b>\$ 2,736,535</b>	<b>\$ 707,941</b>
<b>TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)</b>	<b>\$ 599,238</b>	<b>\$ 569,016</b>	<b>\$ (30,222)</b>	<b>\$ (437,693)</b>	<b>\$ (1,036,931)</b>
FTEs	7.0	7.0	-	7.0	-
HC	7.0	7.0	-	7.0	-



### Personnel Analysis

FTEs are defined as full-time equivalent employees only. Fractional FTEs reflect part-time employees or employees who worked in fewer than all four quarters of the year.

Total FTEs by Program Area	Budget 2021	Projection 2021	Direct FTEs 2022 Budget	Shared FTEs* 2022 Budget	Total FTEs 2022 Budget	Change from 2021 Budget
<b>NON-STATUTORY</b>						
<b>Operational Programs</b>						
<b>Total FTEs Operational Programs</b>	0.0	0.0	0.0	0.0	0.0	0.0
<b>Administrative Programs</b>						
WREGIS	7.0	7.0	7.0	0.0	7.0	0.0
<b>Total FTEs Administrative Programs</b>	7.0	7.0	7.0	0.0	7.0	0.0
<b>Total FTEs</b>	7.0	7.0	7.0	0.0	7.0	0.0

\*A shared FTE is defined as an employee who performs both Statutory and Non-Statutory functions.

### Reserve Analysis

<b>Working Capital Reserve Analysis</b>	
<b>NON-STATUTORY</b>	

<b>Beginning Reserve (Deficit), January 1, 2021</b>	Total \$ 8,221,755
Plus: 2021 Funding	2,550,280
Less: 2021 Projected expenses & capital expenditures	(1,981,264)
<b>Projected Working Capital Reserve (Deficit), December 31, 2021</b>	<u>\$ 8,790,771</u>
Plus: 2022 Funding	2,298,842
Less: 2022 Projected expenses & capital expenditures	(2,736,535)
<b>Projected Working Capital Reserve, December 31, 2022</b>	<u>\$ 8,353,078</u>





## Section D

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### Additional Financial Information

# Section D—Additional Financial Information

## 2022 Consolidated Statement of Activities by Program, Statutory, and Non-Statutory

Statement of Activities and Capital Expenditures by Program	Total	Statutory Total	Non-Statutory Total	Statutory Functions							Non-Statutory Functions	
				Statutory Total	Reliability Standards	Compliance and Organization Registration and Certification	Reliability Assessment and Performance Analysis	Training and Outreach	Situation Awareness and Infrastructure Security	Corporate Services	Non-Statutory Total	WREGIS
<b>Revenue</b>												
<b>Statutory Funding</b>												
WECC Assessments	\$ 25,000,000	\$ 25,000,000	\$ -	\$ 25,000,000	\$ 764,248	\$ 14,926,708	\$ 8,333,059	\$ 543,752	\$ 432,233	\$ -	\$ -	\$ -
Penalties Released	5,298,000	5,298,000	-	5,298,000	143,772	3,246,852	1,715,680	95,848	95,848	-	-	-
<b>Total Statutory Funding</b>	<b>\$ 30,298,000</b>	<b>\$ 30,298,000</b>	<b>\$ -</b>	<b>\$ 30,298,000</b>	<b>\$ 908,020</b>	<b>\$ 18,173,560</b>	<b>\$ 10,048,739</b>	<b>\$ 639,600</b>	<b>\$ 528,081</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Non-statutory Funding</b>												
Workshops & Miscellaneous	\$ 194,700	\$ 194,700	\$ -	\$ 194,700	\$ -	\$ -	\$ -	\$ 194,700	\$ -	\$ -	\$ -	\$ -
Interest	181,501	109,501	72,000	109,501	2,972	67,107	35,460	1,981	1,981	-	72,000	72,000
<b>Total Revenue (A)</b>	<b>\$ 32,901,043</b>	<b>\$ 30,602,201</b>	<b>\$ 2,298,842</b>	<b>\$ 30,602,201</b>	<b>\$ 910,992</b>	<b>\$ 18,240,667</b>	<b>\$ 10,084,199</b>	<b>\$ 836,281</b>	<b>\$ 530,062</b>	<b>\$ -</b>	<b>\$ 2,298,842</b>	<b>\$ 2,298,842</b>
<b>Expenses</b>												
<b>Personnel Expenses</b>												
Salaries	\$ 18,986,905	\$ 18,411,644	\$ 575,261	\$ 18,411,644	\$ 454,624	\$ 8,152,114	\$ 4,381,226	\$ 235,668	\$ 238,519	\$ 4,949,493	\$ 575,261	\$ 575,261
Payroll Taxes	1,256,263	1,217,683	38,580	1,217,683	30,150	550,760	292,557	15,911	16,482	311,823	38,580	38,580
Benefits	2,700,445	2,605,571	94,874	2,605,571	42,770	953,931	512,784	30,201	28,447	1,037,438	94,874	94,874
Retirement Costs	1,714,731	1,663,608	51,123	1,663,608	40,461	724,861	389,613	20,974	21,228	466,470	51,123	51,123
<b>Total Personnel Expenses</b>	<b>\$ 24,658,344</b>	<b>\$ 23,898,506</b>	<b>\$ 759,838</b>	<b>\$ 23,898,506</b>	<b>\$ 568,005</b>	<b>\$ 10,381,666</b>	<b>\$ 5,576,180</b>	<b>\$ 302,754</b>	<b>\$ 304,676</b>	<b>\$ 6,765,224</b>	<b>\$ 759,838</b>	<b>\$ 759,838</b>
<b>Meeting Expenses</b>												
Meetings & Conference Calls	\$ 459,529	\$ 458,044	\$ 1,485	\$ 458,044	\$ -	\$ -	\$ 29,476	\$ 277,146	\$ -	\$ 151,422	\$ 1,485	\$ 1,485
Travel	782,629	772,654	9,975	772,654	13,065	357,990	148,062	6,995	7,120	239,422	9,975	9,975
<b>Total Meeting Expenses</b>	<b>\$ 1,242,158</b>	<b>\$ 1,230,698</b>	<b>\$ 11,460</b>	<b>\$ 1,230,698</b>	<b>\$ 13,065</b>	<b>\$ 357,990</b>	<b>\$ 177,538</b>	<b>\$ 284,141</b>	<b>\$ 7,120</b>	<b>\$ 390,844</b>	<b>\$ 11,460</b>	<b>\$ 11,460</b>
<b>Operating Expenses, excluding Depreciation</b>												
Consultants & Contracts	\$ 1,004,600	\$ 1,004,600	\$ -	\$ 1,004,600	\$ -	\$ -	\$ 208,100	\$ -	\$ -	\$ 796,500	\$ -	\$ -
Office Rent	1,306,912	1,306,912	-	1,306,912	-	-	-	-	-	1,306,912	-	-
Office Costs	2,432,420	1,844,335	588,085	1,844,335	3,540	195,362	249,525	25,398	2,835	1,367,675	588,085	588,085
Professional Services	1,045,000	1,045,000	-	1,045,000	-	-	-	-	-	1,045,000	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Operating Expenses</b>	<b>\$ 5,788,932</b>	<b>\$ 5,200,847</b>	<b>\$ 588,085</b>	<b>\$ 5,200,847</b>	<b>\$ 3,540</b>	<b>\$ 195,362</b>	<b>\$ 457,625</b>	<b>\$ 25,398</b>	<b>\$ 2,835</b>	<b>\$ 4,516,087</b>	<b>\$ 588,085</b>	<b>\$ 588,085</b>
<b>Total Direct Expenses</b>	<b>\$ 31,689,434</b>	<b>\$ 30,330,051</b>	<b>\$ 1,359,383</b>	<b>\$ 30,330,051</b>	<b>\$ 584,610</b>	<b>\$ 10,935,018</b>	<b>\$ 6,211,343</b>	<b>\$ 612,293</b>	<b>\$ 314,631</b>	<b>\$ 11,672,155</b>	<b>\$ 1,359,383</b>	<b>\$ 1,359,383</b>
<b>Indirect Expenses</b>	<b>\$ -</b>	<b>\$ (695,066)</b>	<b>\$ 695,066</b>	<b>\$ (695,066)</b>	<b>\$ 297,886</b>	<b>\$ 6,727,252</b>	<b>\$ 3,554,769</b>	<b>\$ 198,590</b>	<b>\$ 198,591</b>	<b>\$ (11,672,155)</b>	<b>\$ 695,066</b>	<b>\$ 695,066</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Expenses (B)</b>	<b>\$ 31,689,434</b>	<b>\$ 29,634,985</b>	<b>\$ 2,054,449</b>	<b>\$ 29,634,985</b>	<b>\$ 882,496</b>	<b>\$ 17,662,270</b>	<b>\$ 9,766,112</b>	<b>\$ 810,883</b>	<b>\$ 513,222</b>	<b>\$ -</b>	<b>\$ 2,054,449</b>	<b>\$ 2,054,449</b>
<b>Change in Net Assets (=A-B)</b>	<b>\$ 1,211,609</b>	<b>\$ 967,216</b>	<b>\$ 244,393</b>	<b>\$ 967,217</b>	<b>\$ 28,496</b>	<b>\$ 578,397</b>	<b>\$ 318,087</b>	<b>\$ 25,398</b>	<b>\$ 16,840</b>	<b>\$ -</b>	<b>\$ 244,393</b>	<b>\$ 244,393</b>
<b>Fixed Assets, excluding Right of Use Assets (C)</b>	<b>\$ 794,000</b>	<b>\$ 111,914</b>	<b>\$ 682,086</b>	<b>\$ 111,914</b>	<b>\$ 3,036</b>	<b>\$ 68,586</b>	<b>\$ 36,242</b>	<b>\$ 2,025</b>	<b>\$ 2,025</b>	<b>\$ -</b>	<b>\$ 682,086</b>	<b>\$ 682,086</b>
<b>TOTAL BUDGET (B+C)</b>	<b>\$ 32,483,434</b>	<b>\$ 29,746,899</b>	<b>\$ 2,736,535</b>	<b>\$ 29,746,899</b>	<b>\$ 885,532</b>	<b>\$ 17,730,856</b>	<b>\$ 9,802,354</b>	<b>\$ 812,908</b>	<b>\$ 515,247</b>	<b>\$ -</b>	<b>\$ 2,736,535</b>	<b>\$ 2,736,535</b>
<b>TOTAL CHANGE IN WORKING CAPITAL (A-B-C)</b>	<b>\$ 417,609</b>	<b>\$ 855,303</b>	<b>\$ (437,693)</b>	<b>\$ 855,303</b>	<b>\$ 25,460</b>	<b>\$ 509,811</b>	<b>\$ 281,845</b>	<b>\$ 23,373</b>	<b>\$ 14,815</b>	<b>\$ -</b>	<b>\$ (437,693)</b>	<b>\$ (437,693)</b>
FTEs	159.5	152.5	7.0	152.5	3.0	67.8	35.8	2.0	2.0	42.0	7.0	7.0
HC	159.0	152.0	7.0	152.0	3.0	67.0	36.0	1.0	2.0	43.0	7.0	7.0



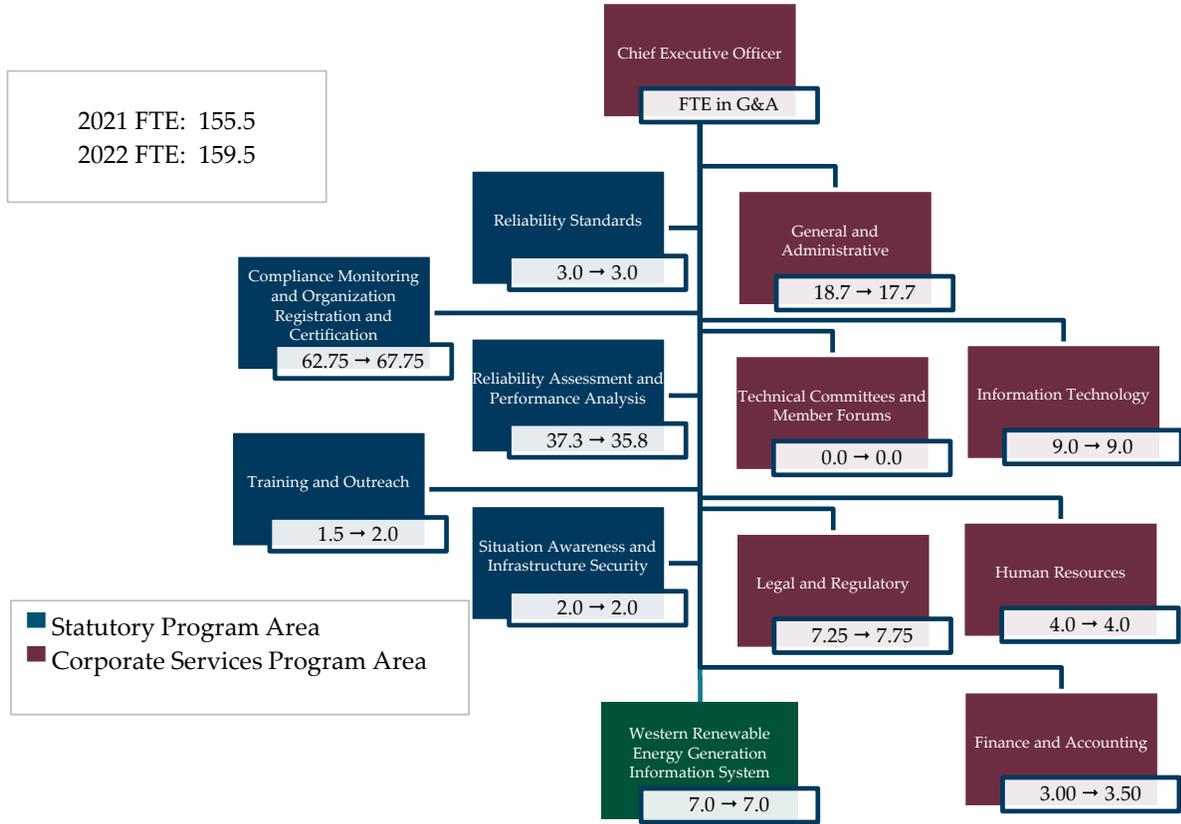
**Statement of Financial Position**

Statement of Financial Position			
2020 Audited, 2021 Projection, and 2022 Budget			
STATUTORY and NON-STATUTORY			
	(Per Audit) 31-Dec-20	Projected 31-Dec-21	Budget 31-Dec-22
<b>ASSETS</b>			
Cash and cash equivalents	\$ 30,392,777	\$ 35,767,672	\$ 34,773,672
Investments	9,553,088	8,400,000	8,817,609
Accounts receivable, net	6,181,743	1,250,000	1,250,000
Prepaid expenses and other assets	815,130	500,000	500,000
Property and equipment, net	726,752	846,046	1,640,046
Total Assets	<b>\$ 47,669,490</b>	<b>\$ 46,763,718</b>	<b>\$ 46,981,327</b>
<b>LIABILITIES AND NET ASSETS</b>			
Liabilities			
Accounts payable	\$ 5,030,966	\$ 1,250,000	\$ 1,250,000
Accrued expenses	3,414,901	1,750,000	1,750,000
Deferred revenue	11,945,326	15,400,000	15,400,000
Other liabilities	660,185	900,000	700,000
Total Liabilities	<b>\$ 21,051,378</b>	<b>\$ 19,300,000</b>	<b>\$ 19,100,000</b>
Unrestricted net assets	26,618,112	27,463,718	27,881,327
Total Liabilities and Net Assets	<b>\$ 47,669,490</b>	<b>\$ 46,763,718</b>	<b>\$ 46,981,327</b>



# Appendix A—Organizational Chart

## Changes in Budgeted FTE by Program Area



## Appendix B—2022 Budget & Projected 2023 and 2024 Budgets

Statement of Activities and Capital Expenditures 2022 Budget & Projected 2023 and 2024 Budgets								
	Statutory							
	2022 Budget	2023 Projection	\$ Change 21 v 22	% Change 21 v 22	2024 Projection	\$ Change 22 v 23	% Change 22 v 23	
<b>Revenue</b>								
<b>Statutory Funding</b>								
WECC Assessments	\$ 25,000,000	\$ 25,500,000	\$ 500,000	2.0%	\$ 26,010,000	\$ 510,000	2.0%	
Penalties Released	5,298,000	-	(5,298,000)	(100.0%)	-	-		
<b>Total Statutory Funding</b>	<b>\$ 30,298,000</b>	<b>\$ 25,500,000</b>	<b>\$ (4,798,000)</b>	<b>(15.8%)</b>	<b>\$ 26,010,000</b>	<b>\$ 510,000</b>	<b>2.0%</b>	
Membership Fees	\$ -	\$ -	\$ -		\$ -	\$ -		
Workshops & Miscellaneous	194,700	194,700	-	0.0%	194,700	-	0.0%	
Interest	109,501	109,501	-	0.0%	109,501	-	0.0%	
<b>Total Revenue (A)</b>	<b>\$ 30,602,201</b>	<b>\$ 25,804,201</b>	<b>\$ (4,798,000)</b>	<b>(15.7%)</b>	<b>\$ 26,314,201</b>	<b>\$ 510,000</b>	<b>2.0%</b>	
<b>Expenses</b>								
<b>Personnel Expenses</b>								
Salaries	\$ 18,411,644	\$ 18,963,993	\$ 552,349	3.0%	\$ 19,532,913	\$ 568,920	3.0%	
Payroll Taxes	1,217,683	1,254,213	36,530	3.0%	1,291,840	37,626	3.0%	
Benefits	2,605,571	2,683,738	78,167	3.0%	2,764,250	80,512	3.0%	
Retirement Costs	1,663,608	1,713,516	49,908	3.0%	1,764,922	51,405	3.0%	
<b>Total Personnel Expenses</b>	<b>\$ 23,898,506</b>	<b>\$ 24,615,461</b>	<b>\$ 716,955</b>	<b>3.0%</b>	<b>\$ 25,353,925</b>	<b>\$ 738,464</b>	<b>3.0%</b>	
<b>Meeting Expenses</b>								
Meetings & Conference Calls	\$ 458,044	\$ 420,044	\$ (38,000)	(8.3%)	\$ 458,044	\$ 38,000	9.0%	
Travel	772,654	772,654	-	0.0%	772,654	-	0.0%	
<b>Total Meeting Expenses</b>	<b>\$ 1,230,698</b>	<b>\$ 1,192,698</b>	<b>\$ (38,000)</b>	<b>(3.1%)</b>	<b>\$ 1,230,698</b>	<b>\$ 38,000</b>	<b>3.2%</b>	
<b>Operating Expenses, excluding Depreciation</b>								
Consultants & Contracts	\$ 1,004,600	\$ 674,600	\$ (330,000)	(32.8%)	\$ 679,600	\$ 5,000	0.7%	
Office Rent	1,306,912	1,306,912	-	0.0%	1,306,912	-	0.0%	
Office Costs	1,844,335	1,892,778	48,443	2.6%	1,951,706	58,928	3.1%	
Professional Services	1,045,000	1,076,350	31,350	3.0%	1,108,641	32,291	3.0%	
Miscellaneous	-	-	-		-	-		
<b>Total Operating Expenses</b>	<b>\$ 5,200,847</b>	<b>\$ 4,950,640</b>	<b>\$ (250,207)</b>	<b>(4.8%)</b>	<b>\$ 5,046,859</b>	<b>\$ 96,218</b>	<b>1.9%</b>	
<b>Total Direct Expenses</b>	<b>\$ 30,330,051</b>	<b>\$ 30,758,800</b>	<b>\$ 428,749</b>	<b>1.4%</b>	<b>\$ 31,631,482</b>	<b>\$ 872,682</b>	<b>2.8%</b>	
<b>Indirect Expenses</b>	<b>\$ (695,066)</b>	<b>\$ (707,603)</b>	<b>\$ (12,537)</b>	<b>1.8%</b>	<b>\$ (724,585)</b>	<b>\$ (16,982.00)</b>	<b>2.4%</b>	
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>		<b>\$ -</b>	<b>\$ -</b>		
<b>Total Expenses (B)</b>	<b>\$ 29,634,985</b>	<b>\$ 30,051,197</b>	<b>\$ 416,212</b>	<b>1.4%</b>	<b>\$ 30,906,897</b>	<b>\$ 855,700</b>	<b>2.8%</b>	
<b>Change in Assets</b>	<b>\$ 967,216</b>	<b>\$ (4,246,996)</b>	<b>\$ (5,214,212)</b>	<b>(539.1%)</b>	<b>\$ (4,592,696)</b>	<b>\$ (345,700)</b>	<b>8.1%</b>	
<b>Incr(Dec) in Fixed Assets (C)</b>	<b>\$ 111,914</b>	<b>\$ 111,914</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ 111,914</b>	<b>\$ -</b>	<b>0.0%</b>	
<b>TOTAL BUDGET (B+C)</b>	<b>\$ 29,746,899</b>	<b>\$ 30,163,111</b>	<b>\$ 416,212</b>	<b>1.4%</b>	<b>\$ 31,018,811</b>	<b>\$ 855,700</b>	<b>2.8%</b>	
<b>TOTAL CHANGE IN WORKING CAPITAL (A-B-C)</b>	<b>\$ 855,302</b>	<b>\$ (4,358,910)</b>	<b>\$ (5,214,212)</b>	<b>(609.6%)</b>	<b>\$ (4,704,610)</b>	<b>\$ (345,700)</b>	<b>7.9%</b>	
FTEs	152.5	152.5	-	0.0%	152.5	-	0.0%	
HC	152.0	152.0	-	0.0%	152.0	-	0.0%	



## Appendix C—Adjustment to the Alberta Electric System Operator (AESO) Assessment

<b>Adjustment to the AESO Assessments</b>		
<b>Credit for WECC Compliance Costs</b>		
	2021	2022
	Compliance Budget AESO NEL Allocation	Compliance Budget AESO NEL Allocation
<b>WECC Compliance Costs</b>		
Direct Costs less Direct Revenue	\$ 10,089,311	\$ 10,867,911
Indirect Costs	6,162,371	6,727,252
Fixed Asset Expenditures	58,025	68,586
<b>Total Net Costs, including Fixed Assets</b>	<b>\$ 16,309,707</b>	<b>\$ 17,663,749</b>
<b>Net total to be allocated</b>	<b>\$ 16,309,707</b>	<b>\$ 17,663,749</b>
AESO NEL Share (2019 and 2020)	7.128%	7.021%
<b>AESO Proportional Share of Compliance Costs, including Fixed Assets</b>	<b>\$ 1,162,632</b>	<b>\$ 1,240,172</b>
% Credit (59.00 of 62.75 FTE for 2021; 64.15 of 67.75 FTE for 2022)	94.02%	94.69%
<b>AESO Credit for Compliance Costs</b>	<b>\$ 1,093,152</b>	<b>\$ 1,174,344</b>

## Appendix D—Statutory and Non-Statutory Budget History Charts

